



Traders at the Sao Paulo Stock Exchange calling out during Thursday's sell-off, one of the world's sharpest.

## Fear of Global Recession Causes Sell-Off in Stocks

Hope for Lower Interest Rates Wanes, Analysts Say

By Tom Buerkle  
International Herald Tribune

LONDON — The turmoil in world financial markets took a dramatic turn for the worse Thursday as fear of a global recession sent stock prices tumbling in every major market and put fresh pressure on the U.S. Federal Reserve Board and other central banks to cut interest rates.

Many analysts blamed the Fed for the sell-off, saying comments by its chairman, Alan Greenspan, had dashed a central hope that was buoying world markets. Mr. Greenspan late Wednesday hinted that the Fed was unlikely to cut rates immediately and said it was not discussing a concerted easing of monetary policy with other central banks.

But beyond the disappointment on rates, markets were rattled by mounting evidence that the recession spreading from Asia to other emerging economies was beginning to undermine growth prospects and corporate profitability in the United States and Europe. The United States and Germany reported a deterioration in exports Thursday; the Ifo research

institute reported that German business confidence declined in August as the economic crisis in Russia deepened, and the French telecommunications giant Alcatel SA issued a warning of lower profits.

"We're clearly in trouble," said David Hale, chief economist at Zurich Kemper Investments. "On the current trend line, 60 percent of the world will be in recession next year. It's gone so far now it's probably impossible to stop."

Nigel Morgan, chief economist at Old Mutual Asset Managers, a fund group in South Africa, said, "If we don't start getting cuts in interest rates in developed countries quite soon, then economic activity will decline globally."

In dealing rooms from Tokyo to London to New York, traders' screens were blanketed in red, the color of falling prices. The Dow Jones industrial average closed 216.01 points lower at 7,873.77, a drop of 2.67 percent. Latin American markets were hard-hit, with Brazil's Bovespa index losing 4.84 percent and Argentina's Merval falling 3.87 percent.

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## Hyde Disclosure Roils Congress

Bipartisan Attack Comes Amid Debate on Clinton

By Brian Knowlton  
International Herald Tribune

WASHINGTON — A leading Republican angrily demanded Thursday that the FBI investigate the source of a report that Representative Henry Hyde, the chairman of the House committee examining allegations against President Bill Clinton, had an extramarital affair 30 years ago.

The Republican, Tom DeLay, the House whip, said, "We have reason to believe that top aides, with access to the White House, have orchestrated a conspiracy to intimidate members of Congress by using their past lives as an embarrassment."

The White House vehemently and repeatedly denied any connection to the story about Mr. Hyde, which was first reported by Salon, an Internet magazine that has been supportive of Mr. Clinton.

Should the FBI find a link, however, Mr. DeLay said, "This could be added to the impeachment inquiry."

Mr. DeLay was part of an outpouring of Republican condemnations of the Salon story — joined by many Democrats — that came as the Judiciary Committee, headed by Mr. Hyde, 74, was debating the release of a videotape of Mr. Clinton's grand jury testimony in the Monica Lewinsky case.

Anger filled the air throughout the day as Mr. Clinton's private attorney, David Kendall, said that he had asked the independent counsel, Kenneth Starr, to discard the videotape once all grand jurors had seen it, and that Mr. Starr's refusal to do so could only reflect a desire "to ensure its public release and embarrass the president."

Democratic members of the committee introduced motions Thursday to delay or limit the evidence to be released. But the majority Republicans were expected to prevail, meaning the

America's Great Sex Scandal? Havel Turns to Home Rums

By Michael T. Kaufman  
New York Times Service

WASHINGTON — It might not have been apparent to most Americans, but from the Czech perspective it was clear that President Vaclav Havel, by appearing at President Bill Clinton's side at a news conference, was not merely repaying a friend for having opened the way for his country to join the North Atlantic Treaty Organization.

A target himself of accusations of philandering, Mr. Havel was standing in solidarity with a fellow politician who was trying to cope with a culture much more judgmental than his own.

Asked several times about Mr. Clinton's difficulties involving sex, Mr. Havel looked up at the president, with whom he had once played a saxophone duet in Prague, called him a great friend and praised him for his international leadership.

Pressed for more of a response, the Czech president said he would like to offer congratulations to Mark McGwire and to wish success to Sammy Sosa for their home run records.

As for the rest of it, he said, "I don't like to speak about things which I don't understand."

It is not that Czechs ignore sex or the yearnings of their leaders and fellow citizens. Indeed, no country has a serious literature in which sex and politics intertwine so profoundly.

Perhaps the best known example of this is Milan Kundera's novel, "The Unbearable Lightness of Being," where the hero's conflicted yearnings for the down-to-earth Tereza and the tantalizingly ethereal Sabina serve as metaphors for broader themes of freedom and responsibility.

Similar uses of private affairs to reflect public issues appear

On-line magazine revealed Hyde's 1960s adultery. • Congressional Democrats spin Clinton, Page 3.

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See HAVEL, Page 7

## Basques' Cease-Fire Gets Muted Response

Spain Reacts Warily, but Separatists See Hope of Lasting Peace Accord

By Al Goodman  
New York Times Service

MADRID — The conservative government and the opposition Socialist Party were in rare lockstep Thursday, reacting cautiously to the declaration by the Basque separatist group ETA of the first "indefinite" cease-fire in its 30-year battle for an independent homeland.

But three smaller Basque nationalist parties, including one linked to the guerrillas, who are blamed for 800 deaths, expressed optimism that the unilateral truce could augur a lasting peace, even though the rebels vowed to retain their weapons in self-defense.

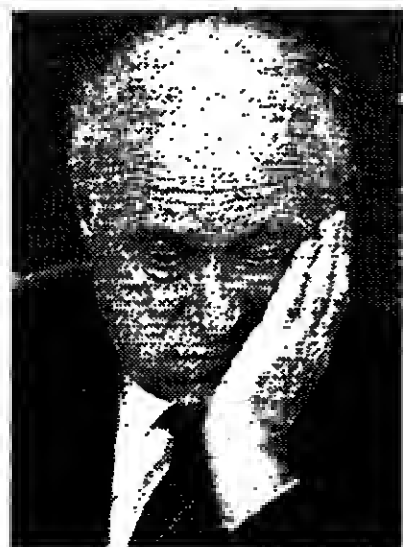
Prime Minister Jose Maria Aznar, while on an official visit to Peru, said, "After 30 years of terrorist activity we cannot give the ETA organization the benefit of the doubt."

He added: "If ETA really wants to put an end to its trail of death, it has to realize that any step toward credibility must be earned with deeds and not words."

The cautious stance was not unexpected. Mr. Aznar survived an ETA bomb in 1995 when he was the opposition leader, and the rebels have killed five of his Popular Party town councilors since last year.



Mr. Mayor Oreja, left, discussing the cease-fire Thursday in Madrid. Xabier Arzallus, president of the Basque nationalist party PNV, in Bilbao.



The current and past governments have insisted there can be no talks with the rebels until they renounce violence.

"We are not content with a truce," said Joaquin Almunia, the Socialist Party secretary-general. "We want peace, which means the permanent abandonment of arms, and respect for the law and the results of elections."

The cease-fire, announced in a four-page communiqué late Wednesday and due to take effect Friday, comes just before the Oct. 25 elections for the Basque regional Parliament, where the moderate Basque Nationalist Party has governed for 10 years with support from the Socialists.

Interior Minister Jaime Mayor Oreja warned this week that the anticipated truce offer could be an election ploy to gain votes for the nationalist parties.

The nationalist parties seemed to be burying their political differences Saturday by making a united appeal for multilateral peace talks, inspired by the

recent peace accord in Northern Ireland.

"We do not want to raise hopes or play games with the public's strong desires for peace," Mr. Mayor Oreja said on national television as he read the government's official response to the ETA announcement.

ETA, whose initials in the Basque language stand for Basque Homeland and Liberty, has observed four limited truces since 1981. The new, unconditional cease-fire comes as 535 ETA convicts or suspects are held in Spanish jails, with dozens more imprisoned in France, the result of increased cooperation between Madrid and Paris to stanch the terrorism.

The Spanish government and courts have also cracked down on ETA's supporters.

The Supreme Court sentenced the top 23 leaders of the leftist Herri Batasuna party to seven years each in jail in

See ETA, Page 7

## Dissidents Throw Down Gauntlet to Burma Junta

By Seth Mydans  
New York Times Service

BANGKOK — In their riskiest challenge yet to the military rulers of Burma, a small group of opposition politicians said Thursday that they would act as the country's legitimate Parliament and declared all laws and proclamations issued by the ruling junta null and void.

The 10 politicians, led by Daw Aung San Suu Kyi, are members of the National League for Democracy, which won an election in 1990 for a Parliament that was never allowed to take office.

When Daw Aung San Suu Kyi announced last month that she planned to convene the Parliament, the military responded with its biggest wave of arrests since a crackdown on demonstrators in 1988 that took thousands of lives. The League said that 843 members of the party had been arrested, including 195 of its elected representatives.

"I think this is the most volatile and unpredictable moment in the last 10 years in Burma," said Josef Silverstein, an expert on the country at Rutgers University in New Jersey. With the opposition going for broke and the military refusing to compromise, a diplomat in Burma called the confrontation "an approaching train wreck."

In its statement Thursday, the opposition said, "The Committee Representing Elected Lawmakers formed by the National League for Democracy of Sept. 16 decided it will perform the functions of the Parliament until a formal Parliament session is called under the 1990 multiparty democratic election law."

Its first parliamentary act was to call for the release of all political prisoners. There was no immediate response by the government, but the junta has warned that any attempt to convene the Parliament would be illegal.

In recent days, the language of official statements has grown more threatening, describing opposition forces as "traitors" and "terrorists." Published commentaries have suggested that Daw Aung San Suu Kyi might be deported. Some analysts say the junta could be preparing to try to stamp out the opposition party once and for all.

"This is pretty serious stuff," a Western diplomat said in a telephone interview from Burma, which has been closed to reporters for weeks. "This is an existential moment. Time is ticking away here. So we are all extremely worried and nervous."

In a country whose military leaders have demonstrated their readiness to shoot down their opponents, the heightened challenge by Daw Aung San Suu Kyi is a dangerous one.

The opposition challenge has won support from parts of the country's

## U.S. Faces an Asian Wall

Officials Try to Keep Region's Markets Open

By Don Kirk  
International Herald Tribune

SEOUL — As the United States reported Thursday that its trade deficit had widened sharply again, its trade officials encountered a wall of resistance to American efforts to pry open key Asian markets, officials reported.

Their failure added to the sense of frustration among U.S. officials visiting the region this week. Their main fear is that access to the region's markets will close as leaders across Asia attempt to strengthen their own economies and industries through increased exports, largely to the United States.

In Japan, the U.S. trade representative, Charlene Barshefsky, has been trying to convince the Japanese of the need to open their markets as an antidote to a possible record surplus in Japanese trade with the United States.

But Ms. Barshefsky elicited noncommittal responses from the ministers of international trade and industry, agriculture and telecommunications to demands for freer markets and deregulation.

"She didn't get any progress but understood what we thought," said Shin Hosaka, deputy director of the North American desk at Japan's Ministry of International Trade and Industry.

In a meeting Thursday with the min-

ister of international trade and industry, Kaoru Yosano, Ms. Barshefsky called for increased imports of motor vehicles, automotive parts and flat glass, according to Japanese reports. The increase was needed, she said, to counter rising exports of Japanese cars and steel.

Yoshio Nakamura, managing director for the economic bureau of Keidanren, the Japan Federation of Economic Organizations, said Japanese exports had soared because of the depreciation of the yen but said imports would increase only after Japan cut taxes, which he said would not happen until next year.

In Seoul, after three days of talks on providing easier access to the South Korean market for motor vehicles, a U.S. negotiating team "failed to reach an agreement" with South Korean negotiators, the Foreign Ministry said.

In Washington, the Commerce Department reported that the U.S. trade deficit widened to \$13.9 billion in July as Asia's downturn hurt U.S. farm and manufacturing sales overseas.

The trade report showed that the July deficit was 2.1 percent wider than June's imbalance of \$13.6 billion.

That made July the third-highest monthly deficit on record, surpassed only by May and April.

See TRADE, Page 13

## Yeltsin Hits Snag on Cabinet

Dispute on Fiscal Policy Is Raising Tensions

By Michael Wines  
New York Times Service

MOSCOW — Russia's monthlong attempt to cobble together a coalition government of Communists and capitalists showed new signs of stress and delay Thursday over the only issue that matters: fiscal policy.

President Boris Yeltsin said he might miss the legal deadline of Friday to finish selecting his new cabinet because he needed more time to choose a finance minister.

The acting finance minister, Mikhail Zadornov, was a leader among the free-market advocates in the last cabinet whose push for full-fledged capitalism foundered with the financial meltdown that started in August.

Few believe that Mr. Yeltsin's new prime minister, Yevgeni Primakov, will keep Mr. Zadornov in the government, and there were fresh indications Thursday that Mr. Primakov's men might nudge other reformers out as well.

The political maneuverings dovetailed with another fiscal drama that has Mr. Yeltsin's old corps of reformers and some Westerners wringing their hands: the continuing hints that Mr. Primakov's new ministers will try to solve the nation's money problems

by printing billions of new rubles. In the United States, Deputy Treasury Secretary Lawrence Summers told Congress that Russia risked a new round of devastating hyperinflation if it resorted to such policies to solve its money woes.

"They must resist pressures to spend and lend which will doom the economy

EU offers Russia experts to help but no cash aid for now, Page 13.

to another bout of high, perhaps hyperinflation," Mr. Summers said in remarks to the House of Representatives International Relations Committee.

On the political front, the new deputy prime minister, Alexander Shokhin, repeated his statement of Tuesday that Boris Fyodorov, another key reformer who was a deputy prime minister and head of the state tax service, had quit.

Mr. Fyodorov, who developed a reputation for pugnacity as tax collector, had been quiet after Tuesday's announcement.

But on Thursday he dispatched an aide to effectively dare Mr. Primakov to fire him.

See RUSSIA, Page 13

## AGENDA

### Sosa Ties McGwire With 63d Home Run

Sammy Sosa was relaxed enough to hit his 63d home run. It was simply a matter of when.

After singling and doubling in his first four at-bats Wednesday night, Sosa came to the plate with the bases loaded and two out. With the San Diego crowd of 49,891 on its feet, Sosa drove a 1-0 pitch from a Padres right-hander, Brian Boehringer, high

and deep into the second deck in left field, a 434-foot (132-meter) blast that tied Mark McGwire for most home runs in a season and gave Chicago a 6-2 lead. The Cubs went on to beat the Padres, 6-3, Page 22.

### Chinese Rebuffed

Days after dissidents in several parts of China met with small but encouraging signals when they applied to form a political party, their counterparts in Beijing encountered a different fate: Two dissidents who were about to submit a similar application were detained and questioned by the police and told not to turn in their request, Page 6.

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See BURMA, Page 7



## Independence Day Tradition / But What Did Hidalgo Say?

## 'Long Live Mexico!' (Or How to Fine-Tune the Annual Cry)

By Sam Dillon  
New York Times Service

**T**EQUISQUIAPAN, Mexico — Jose Antonio Mejia, who at 27 may be Mexico's youngest mayor and is still unaccustomed to public speaking, was feeling nervous Tuesday night as the time drew near for him to preside over his first Independence Day celebration.

As two bearded army generals and other local dignitaries lined up to greet Mr. Mejia at the town hall, he fingered his tie nervously. As eager but tenuously trained teenage trumpeters intoned the national anthem, Mr. Mejia passed his palms across his suit jacket, wiping away sweat.

But despite his trepidation, when his moment came to stand before thousands of people in the plaza of this colonial town, Mr. Mejia met his obligations.

"Viva Mexico!" he shouted in an unquivering voice at 11 P.M. as fountains of burning phosphorus set the facade of Tequisquiapan's church ablaze in light.

At the same hour, mayors in the 2,392 municipalities all across Mexico presided over their own ceremonies. In Mexico City, President Ernesto Zedillo shouted the same slogan from the balcony of the National Palace as 2 million revelers packed the Zocalo, the central plaza, and its environs. Millions of others watched the nationwide broadcast.

Even as Mexico endures a turbulent political transition, two small insurgencies, an epidemic of violent crime and the global financial crisis, it remains a largely stable country, united by tight families and built on the bedrock of traditions. One of the most deeply felt is the September celebration of the beginning of the Independence War against Spain in 1810.

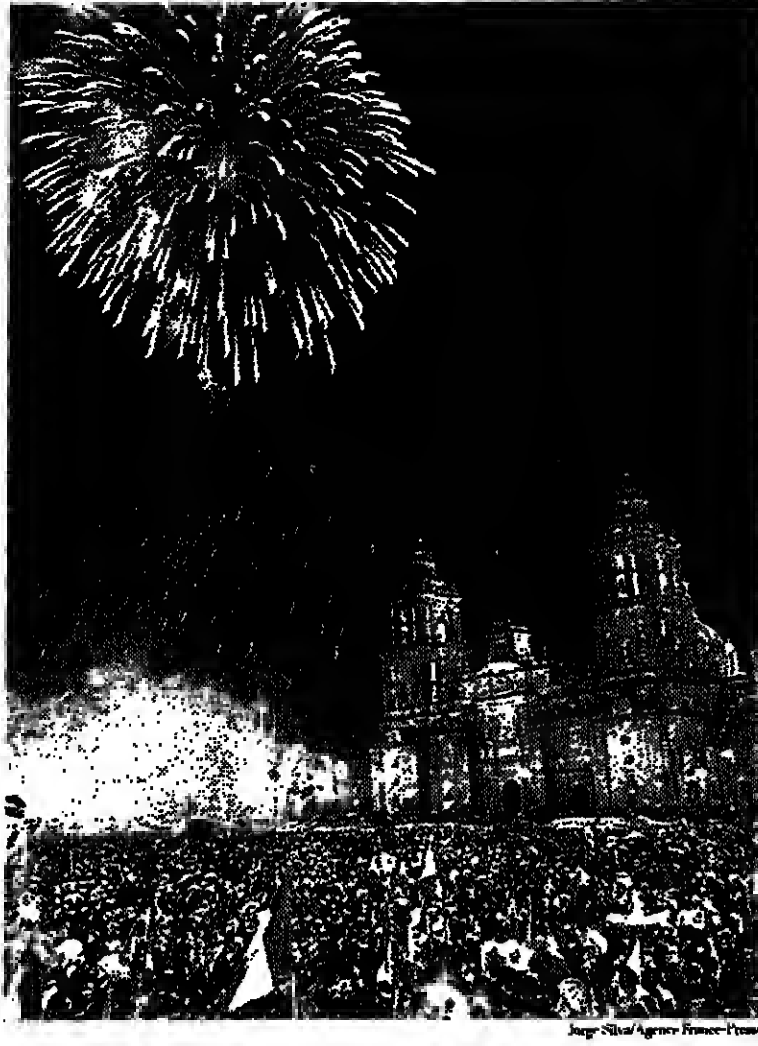
"This is one of those public ceremonies that provide an anchor for Mexicans after 20 years of crisis and rapid change," said Federico Estevez, a political scientist.

In a popular history of Mexico published last year, the writer Enrique Krauze described how Miguel Hidalgo y Costilla, a brilliant but somewhat eccentric parish priest in the central town of Dolores, launched the 1810 uprising: "On the morning of Sept. 16, he rang the cathedral bell to summon his Indian parishioners into the church square of Dolores and delivered his famous cry: 'Death to the Spaniards! Long live the Virgin of Guadalupe!'"

After the army of Hidalgo, largely made up of Indians, swept through central Mexico, razing haciendas and killing Spaniards, he was captured, shot and beheaded in Chihuahua in 1811, and Spanish loyalists put his head on display until Mexico won its independence in 1821.

Hidalgo's followers began re-enacting his cry, or *grito*, even before the Independence War ended. Over the course of the 19th century, it evolved into Mexico's most important patriotic ceremony, but according to Mr. Krauze, historians disagree about what, exactly, Hidalgo actually said.

That historical ambiguity has allowed for a flexible



In Mexico City's central plaza, tens of thousands watch the fireworks celebrating the country's Independence Day.

tradition. All presidents and mayors who preside over the September ceremony shout "Viva Mexico!" But beyond that, many add and subtract historical heroes and political concepts, fine-tuning the moment to fit their own political needs.

President Jose Lopez Portillo, in his last *grito* in 1982, two weeks after he

nationalized Mexico's banks, added the phrase "Long live the nationalization of the banks!" That was a short-lived innovation, since President Carlos Salinas reprized the banks after taking office in 1988.

Mr. Salinas, for his part, added the phrase "Long live Emiliano Zapata," thereby broadening the *grito*'s historical focus from the 19th-century independence struggle to the 20th-century revolution.

Mr. Zedillo, in his first *grito* in September 1995, added the phrase "Long live democracy!" On Tuesday night he said, "Mexicans, long live our independence, long live our sovereignty, long live democracy and long live the unity of all Mexicans. Viva Mexico!"

**I**N MEXICO CITY, the newspaper Reforma recently asked athletes, artists, politicians and other famous Mexicans what they would shout at this year's ceremony. Many offered high-minded slogans like the one proposed by Santiago Creel, an opposition congressman: "Long live understanding among all Mexicans!"

Other suggestions were more free-wheeling. Andres Bustamante, a comedian, said he would shout, "Fellow citizens, will the person who has stolen the flag please return it so that the ceremony can continue?"

Carlos Monsivais, a prominent intellectual, suggested, "Long live what's left of Mexico!"

"Long live the blues," proposed Betsy Pecanins, a popular singer.

Most, however, urged that there be no changes at all. "Traditions are important," said the author Jorge Castaneda. "Better not disturb them."

That was, of course, the approach favored by Mr. Mejia as he prepared to preside over the *grito* in this town of cobblestoned streets and 75,000 residents 150 kilometers (95 miles) north of the capital.

Hours before townspeople began to gather in the Tequisquiapan plaza, Mr. Mejia was in his office, reviewing his script and speaking with a visitor.

He recalled that, as a youth, he would walk hand in hand with his father to the plaza an hour before midnight each year on Sept. 15.

This year, Mayor Mejia marched into the plaza behind a drum and bugle corps to the salutes of town policemen and with well-wishers calling out to him from balconies and rooftops. He climbed the stairs of the central bandstand without hesitation.

"Long live the heroes who gave us fatherland and liberty!" he shouted. "Viva Miguel Hidalgo! Viva Ignacio Allende! Viva Jose Maria Morelos! Viva Aldama! Viva Dona Josefa Ortiz de Dominguez! Viva Mexico's independence! Viva Mexico! Viva Mexico! Viva Mexico!"

And as fireworks engulfed the Tequisquiapan plaza and mariachi singers burst into song, Mr. Mejia smiled.

"That was great," he whispered. "What a surge of emotion!"

## Albright May Meet Iran Aide

## UN Chief Wants Both At Talks on Afghanistan

By Barton Gellman  
Washington Post Service

**WASHINGTON** — American and United Nations officials say there are strong prospects for a Monday meeting that would bring Secretary of State Madeleine Albright face to face with the Iranian foreign minister, Kamal Kharrazi. It would be the highest level of contact between the estranged governments since the hostage crisis of 1979.

The meeting in New York would come in a working group on Afghanistan including six other foreign ministers, and bilateral issues between Washington and Tehran are seen as unlikely to be broached.

Even so, according to U.S. and foreign diplomats, it would mark a significant new sign of the warming under way in the year since President Mohammed Khatami took office in Iran on a platform of reform.

The UN secretary-general, Kofi Annan, has been canvassing the eight governments of the "six plus two" grouping an effort to convene the foreign ministers Monday afternoon.

The immediate objective is to halt a growing momentum for armed conflict between Iran and the fundamentalist Sunni Muslim movement, the Taliban, that controls most of Afghanistan. Officials said Mr. Annan also welcomed the prospect of contributing to an easing of tensions between Washington and Tehran.

Mr. Annan did not plan to issue formal invitations until he was confident they would be accepted, officials said.

But diplomats were optimistic after Iran responded positively to Mr. Annan's overture and Pakistan — whose support for the Taliban leaves it isolated in the group — also indicated that it would accept. Mrs. Albright, according to U.S. officials, will certainly agree to attend if the others do so.

"The signs are quite good," said a diplomat taking part in the arrangements. "We can't confirm it, but the probability is that there will be a meeting at the foreign ministerial level."

Concerning the situation in Afghanistan, where Iran and Pakistan are embroiled in a bitter rivalry, the United States and Iran are allies of sorts, sharing strong antipathy for the Taliban. In the UN Security Council and from the spokesman's podium at the State Department, the Clinton administration has condemned the deaths of nine Iranian diplomats at the Taliban's hands last month.

At the same time, Washington hopes to help defuse the risk of an Iranian invasion across the Afghan border, which Tehran has threatened with increasing bluntness this month. Iran staged a massive military exercise on the border last week and announced plans to dispatch 200,000 additional troops.

The "six plus two" group refers to Afghanistan's six immediate neighbors — Iran, Pakistan, China, Turkmenistan, Uzbekistan and Tajikistan — along with Russia and the United States. It has met several times since last year under the auspices of a UN troubleshooter, Lakhdar Brahimi, usually at the level of ambassador or assistant secretary of state.

U.S. officials, while clearly buoyed by the prospect of an Albright-Kharrazi meeting, played down its significance in an apparent effort to avoid spooking Iran.

"We've called for direct dialogue between the United States and Iran," a U.S. official noted, while Iran has balked so far. This meeting, he added, would not be "dramatically new" because its subject is Afghanistan and the forum has been used before at lower levels.

## Iran Closes Dissident Newspaper and Jails Editors

By Douglas Jehl  
New York Times Service

**TEHRAN** — In a new setback for political moderates, Iran has abruptly closed a leading daily newspaper and arrested its top editors for publishing articles deemed detrimental "to the country's national interests and security."

The action, announced on Wednesday by the Islamic Revolution Court, came hours after the country's supreme leader, Ayatollah Sayed Ali Khamenei, issued an ultimatum against the "creeping excesses" of an increasingly free-wheeling Iranian press.

With its wholehearted embrace of President Mohammed Khatami's calls for greater openness in Iranian society, the newspaper, *Tous*, has reg-

ularly infuriated Iranian conservatives by challenging accepted policy. It had questioned the wisdom of Iran's hard-line stand against Afghanistan, and it was this that the authorities apparently cited as reason for halting its presses Tuesday night.

Founded only early this year, the highly popular newspaper has escaped two previous court-ordered closures, once by changing its name. But several Iranian analysts said that the heavy-handed treatment of the current case suggested that the shutdown could well be permanent, and — at a time of high tensions over Afghanistan — could presage wider restrictions on public expression in the name of public security.

The arm of Mr. Khatami's government that is supposed to regulate the press responded with a thinly

veiled complaint against the action, carried out by public prosecutors more closely aligned with Ayatollah Khamenei. "Any press crime should be tried in a public and open court and with the presence of a jury," the Ministry of Culture and Islamic Guidance said in a statement Thursday.

The Islamic Revolution Court operates behind closed doors. Among those arrested were the newspaper's editor, Mahmoud Shamsolzaeiz, and Hamid Reza Jalalpur, director of its publishing company, according to the official Iranian press agency.

There has been no obvious sign of a schism between Mr. Khatami and Ayatollah Khamenei over Afghanistan, a target of a mounting Iranian military buildup and vociferous threats over the killing there of a number of Iranian diplomats.

But many of Mr. Khatami's supporters have expressed private concern that the ongoing crisis with Afghanistan might sap attention from his declared quest to ease the restrictive atmosphere of Islamic society.

And some have seen in Ayatollah Khamenei's recent harsh words toward Afghanistan and direct call for a crackdown on "enemies of the revolution in the press" a possible sign that conservatives hope to use the crisis to regain the spotlight.

In the last six months, the rivalry between supporters of Mr. Khatami, a relative moderate, and conservatives aligned with Ayatollah Khamenei has claimed several victims. One was the mayor of Tehran, Gholam-Hossein Karbaschi, who was sentenced in July to five years in prison after being convicted of corruption charges that his supporters say were politically motivated. He was a close ally of the president.

Another, former Interior Minister Abdollah Nouri, was forced from office by the conservative-dominated Parliament in June, in part because of his outspoken support for Mr. Karbaschi.

Two weeks ago, Mr. Nouri and another Khatami lieutenant, Ataollah Mohajerani, minister of culture and Islamic guidance, were beaten by hard-line thugs after attending a Friday prayer service.

In general, the press has reflected a broad spectrum of views about possible military retaliation for the Taliban's killing of Iranian diplomats.

But *Tous*, already more daring than most in criticizing Iran's ruling religious regime, had also suggested that Tehran might be wiser to engage in a dialogue with the Taliban than to confront it with military force.

## U.K. Tourism Takes Pounding

**LONDON (AP)** — Britain's strong currency deterred European visitors last year and cost the country more than £850 million, the British Tourist Authority reported Thursday.

Despite the \$1.4 billion loss in receipts, the number of visitors overall edged up 1 percent to a record 25.5 million, because Americans kept coming — at the rate of 5 million.

David Quaynor, chairman of the tourism authority, called 1997 "a tough year for the industry," adding: "The continuing strong pound, coupled with the financial crisis in Asia, means that 1998 is unlikely to be any easier."

## Greece Keeps Them Coming

**ATHENS (AP)** — Despite waves of strikes and anti-foreigner attacks, it has been a good year for Greek tourism.

That was the message Thursday from the development minister, Vassos Papandreou, who announced a 10 percent increase in charter flights to Greece during the first eight months of the year. Another 2 percent rise is expected by the end of the year.

Doctors in the Athens area announced a five-day extension of a strike that has halted all but critical care at public hospitals. The national doctors union is scheduled to meet Monday to determine whether hospitals from the rest of the country will join the strike, which began last week. (AP)

With a boom in subway and bus ridership in New York City still going strong, transit officials said they would spend \$44 million to expand service over the course of 1999. The plan will add 2,400 bus trips and about 200 subway trips a day to a system. (NYT)

The luxury liner *Ecstasy*, heavily damaged in a July fire that injured 60 passengers, has returned to its home port of Miami, repaired and ready to resume cruising the Caribbean. The ship carries more than 2,500 guests. (Reuters)

## Iraq, Delaying Total Break, Counts on Annan

**BAGHDAD** — Iraq is holding off on its threat to sever all cooperation with United Nations arms inspectors to allow time for the UN secretary-general, Kofi Annan, to find a way out, political and diplomatic sources said Thursday.

President Saddam Hussein's Revolutionary Command Council decided late Wednesday to await "the proper time" to act on Parliament's call for a total break with the UN Special Commission in charge of dismantling Iraq.

The command council urged Mr. Annan to take "a more active stance to honor his commitments" toward Baghdad, referring to its Feb. 23 accord with Mr. Annan.

Since Aug. 4, Iraq has barred surprise inspections of its military and industrial sites. But UN monitoring activities have not been stopped.

An Iraqi bid to lift the eight-year-old embargo, which is linked to Iraqi disarmament, backfired when the Security Council decided last week to punish Iraq for the ban on surprise inspections by scrapping its review every two months of the sanctions.

Jamal Sawaid, director of the Emirati Center of Strategic Studies in Abu Dhabi, said, "Iraq has got the message that it's the only loser in this crisis which it provoked with the United Nations and that it must find a way out."

A Western diplomat in Baghdad said, "The parties concerned have

agreed to give more support to the efforts of the UN secretary-general to search for a settlement.

For Iraq, "the priority is to seek assurances that a comprehensive review of sanctions will be undertaken objectively," he said.

A senior Iraqi member of Parliament, Khaled Duri, meanwhile, said that Baghdad was giving the Security Council "another chance to carry out an objective review of the whole question of the embargo."

The Iraqi leadership's stand, he said, "shows that it wants to cooperate with the United Nations to reach Baghdad's fundamental objective: the lifting of the embargo."

## 2 Tobacco Firms Face New Accusations

By Myron Levin  
Los Angeles Times Service

**LOS ANGELES** — Philip Morris and British-American Tobacco secretly joined forces to fix cigarette prices and divide markets in Argentina, Venezuela and other Latin American countries, according to internal documents that explicitly describe the deals and the involvement of some of the companies' most senior executives.

In Argentina, the companies set prices and allocated market shares, relying on "verbal agreements" because "there can be nothing in writing in Argentina on the subject," said a 1989 memo by a director for British-American Tobacco.

In Costa Rica, their accord even dictated the amount of TV advertising each company could buy and what incentives they could offer retailers to promote their brands, according to a February 1992 letter from the head of British-American's Costa Rican subsidiary.

Another price-fixing agreement covered Venezuela, but when a price war broke out between the companies' Venezuelan affiliates, each began smuggling cigarettes into the country through Aruba and Colombia to avoid

paying taxes, according to a 1992 British-American Tobacco memo.

The tobacco industry in recent years has been repeatedly embarrassed by internal documents contradicting its public stands on the dangers and addictiveness of smoking. But the price-fixing memos, which surfaced in a suit against the industry by the state of Washington, appear to be the first to reveal the existence of sweeping anti-competitive deals.

The secret agreements are in marked contrast to the public display of competition between the two cigarette makers. And with tobacco companies increasingly seeking their fortune outside the United States, the documents provide an unusual glimpse of clandestine cooperation on a wide frontier and raise questions about their marketing practices around the world.

Dating from 1988 to 1992, the documents reveal that the two companies "very carefully rigged the entire Latin American market," said Jon Ferguson, senior counsel for the Washington attorney general's office.

But while activities described in the memos would be plainly illegal if carried out in the United States, the legal ramifications are less clear in the countries where they occurred.

Mr. Ferguson said preliminary research showed that price fixing was banned under Argentina's laws during the time of the Argentine agreement, and that Panama and Costa Rica had anti-trust provisions in their constitutions.

But Elizabeth Cho, a spokesperson for Philip Morris International, said she believed that the company had done nothing wrong. "Since we must comply with local laws and regulations in every country in which we do business, we expect that there has been no improper conduct in the countries that you have referenced," she said.

## Cancer Society Plans Ads

The American Cancer Society has begun a \$5 million television advertising campaign assailing the tobacco industry's \$50 million, five-month ad barrage that helped sink national tobacco legislation in June. The Washington Post reported.

While lawmakers have declared the anti-smoking legislation dead for this year, cancer society officials said Wednesday they were mounting the campaign to "set the record straight" and remind the public that smoking "is the single most preventable cause of death and disease."

## WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



North America: Plenty of sunshine and some showers in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Europe: Plenty of sunshine and some showers in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Asia: Typhoon Todd will be in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Africa: Typhoon Todd will be in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Latin America: Typhoon Todd will be in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Oceania: Typhoon Todd will be in the midwest from London and Paris across northern Europe to Berlin with afternoon showers in the low to middle 20s. Southwest and the Gulf of Mexico may bring heavy rain to parts of the Gulf Coast. Dry and cooler in the Northwest. (AP)

Legend: 1-4 sun, 5-8 partly cloudy, 9-12 overcast, 13-16 heavy rain, 17-20 heavy snow, 21-24 heavy fog, 25-28 heavy hail, 29-32 heavy sleet, 33-36 heavy ice, 37-40 heavy wind, 41-44 heavy storm, 45-48 heavy hurricane, 49-52 heavy typhoon, 53-56 heavy cyclone, 57-60 heavy monsoon, 61-64 heavy tsunami, 65-68 heavy earthquake, 69-72 heavy volcano, 73-76 heavy flood, 77-80 heavy drought, 81-84 heavy famine, 85-88 heavy pestilence, 89-92 heavy war, 93-96 heavy peace, 97-100 heavy love.

## Congress

By [illegible]

WASHINGTON — [illegible]

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## THE AMERICAS

## Congressional Democrats Disregard Polls as They Abandon President

By Richard L. Berke  
New York Times Service

WASHINGTON — Mark Mellman, a leading Democratic pollster, has made the rounds on Capitol Hill in recent days, urging his clients not to stray from talking about issues and assuring them that the White House scandal will not damage their own prospects in November. But they won't listen.

"There is disbelief," Mr. Mellman said of Democratic lawmakers.

"They say, 'Are you crazy?' or, 'Certainly that may be true today, but I don't think that's where it's going.' There is, 'All I hear on television and read in the newspaper is how this is killing us!'"

When President Bill Clinton first admitted to his sexual relationship with Monica Lewinsky last month — and that he had lied about it — most Democrats heeded to a unified message. They said that the president's conduct was deplorable but that he had admitted his mistakes and now it was time for the nation to put the matter to rest and focus on "real" issues like health or education.

But now, anticipating that the scandal will become a real threat to Democrats, many lawmakers have been going out of their way to speak out harshly against Mr. Clinton, even against the mass of advice from party strategists, who insist there is no public clamor for the president to be impeached or forced from office.

Rather than sticking to their original statements, many Democrats have revised and amplified their own remarks, scolding Mr. Clinton not just for his behavior and his handling of the affair, but for how the whole matter could threaten Democrats in November. Few Democrats have publicly ruled out the possibility of impeachment — and almost no prominent lawmaker in the party has publicly offered an unqualified defense of the president.

Representative James Moran, Democrat of Virginia, raised the prospect Wednesday that Mr. Clinton could be impeached on perjury charges. "I think the president would help himself a great deal if he would get off this business of saying one thing in public and having his lawyers do another thing in court," he said.

adding, "He's got to stop this deliberate deception in terms of whether or not he had sexual relations. It's eroding his own credibility."

Mr. Moran did not stop there. "There is clearly some hemorrhaging going on within the Democratic Party, within the Congress as a whole and particularly within the country," he said. "And that hemorrhaging — he's got to stanch that flow. I'm just not creative enough to think of a way other than resignation that would do that. But maybe he can."

So much for the maxim that politicians live by the polls — or the advice of their handlers. Instead of behaving like weather vane, some lawmakers seem more like weather forecasters these days.

There are a number of explanations for why Democrats are disinclined to follow a partisan script. For one thing, they want to inoculate themselves. If they criticize Mr. Clinton now, they will not appear out of step if and when public opinion turns against him. In addition, many Democratic lawmakers have told advisers that they feel personally betrayed by his assurances that he did not have an affair, and they have never been a reservoir of loyalty for Mr.

Clinton on Capitol Hill, where many Democrats think he has long put his interests before theirs.

Another explanation is that many politicians are as likely to listen to — and trust — their friends, colleagues and constituents back home as they are the cold, gray statistics.

Some Democrats in eight races this November are blaming Mr. Clinton for their troubles when the reality is that they would have been in eight races even if no one had heard of Monica Lewinsky. But those politicians are stoking fears among their colleagues that the scandal is causing massive electoral reverberations.

Particularly striking is the roster of lawmakers in Mr. Clinton's own party — notably senators — who have not hesitated to publicly lambaste him. They include Senators Dianne Feinstein and Barbara Boxer of California; Daniel Patrick Moynihan of New York; Joseph Lieberman of Connecticut; Bob Kerrey of Nebraska; Joseph Biden of Delaware; Bob Graham of Florida; Ernest Hollings of South Carolina and John Breaux of Louisiana.

Many Republicans are also neglecting advice from strategists that they keep their focus on the

issues and let Democrats self-destruct on their own. Instead, many lawmakers are encouraging talk about impeachment. But there is also a sense among Republicans that the political dynamics are so unsettled that there could be a backlash over the release by members of the House Judiciary Committee of a videotape of Mr. Clinton's grand jury testimony.

It could be, too, that politicians are not just driven by polls or by political calculations. Perhaps some should be given credit for speaking out harshly against the president for reasons of personal conscience.

For now, the Democratic Party is struggling to calm its rattled candidates. The Democratic Congressional Campaign Committee released a survey Wednesday that it had commissioned to show that despite the scandal, Democrats are maintaining leads in 10 of the most competitive House races.

"What these numbers tell us is that there's no need to panic," said Dan Sallick, a spokesman for the committee.

But, as Mr. Mellman learned, many Democrats on Capitol Hill seem past the point of panic.

## Chairman Of House Panel Admits to '60s Adultery

By Howard Kurtz  
Washington Post Service

WASHINGTON — A bitter new sexual controversy has erupted on Capitol Hill as Representative Henry Hyde, the Illinois Republican who is chairman of the Judiciary Committee, acknowledged to a left-leaning magazine that he had a five-year affair with a married woman in the 1960s.

He made the admission after the on-line magazine Salon, which has relentlessly attacked the independent counsel Kenneth Starr, told his office that it was publishing details of his affair with a former beauty stylist, Cherie Snodgrass.

Mr. Hyde, 74, who would head any inquiry into impeaching President Bill Clinton, is the third Republican lawmaker in two weeks to acknowledge an affair after being confronted by a journalist.

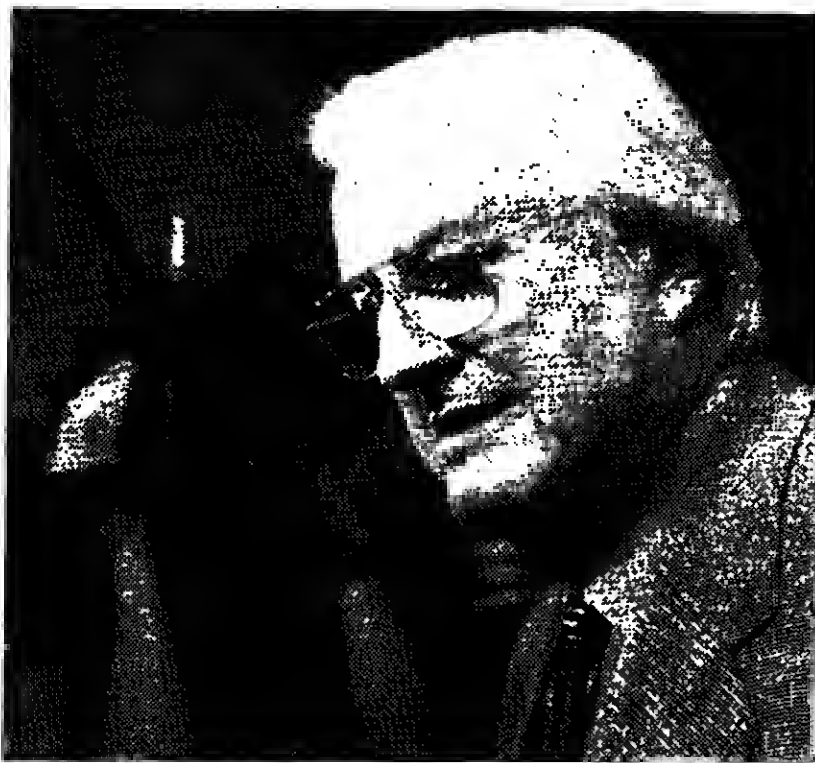
"The statute of limitations has long since passed on my youthful indiscretions," Mr. Hyde said in a statement. "Suffice it to say Cherie Snodgrass and I were good friends a long, long time ago. After Mr. Snodgrass confronted my wife, the friendship ended and my marriage remained intact."

"The only purpose for this being dredged up now is an obvious attempt to intimidate me, and it won't work. I intend to fulfill my constitutional duty and deal judiciously with the serious felony allegations presented to Congress in the Starr report."

Both the White House and Salon flatly denied that any administration staffer was involved, and Mr. Clinton's deputy chief of staff, John Podesta, called Mr. Hyde with the same message.

A Florida retiree confirmed Wednesday night that he had passed the allegation to Salon without the administration's involvement. But in an environment already made tense over the Monica Lewinsky investigation and Republican jitters about White House counterattacks, the 30-year-old affair quickly became a political flash point.

David Talbot, the editor of Salon who was also the author of the Hyde piece, said he had published it because "the Starr report and enemies of President Clinton have rewritten the rules. Once Starr submitted a report filled with nothing but a sexual relationship, then his supporters — people sitting in judgment of the president — are fair game. Hyde has been built up so much in the press as this august figure, a great statesman."



Representative Henry Hyde being questioned by reporters on Capitol Hill.

Mr. Podesta said he had told Mr. Hyde that if anyone at the White House had any involvement with the story, "they'd be fired immediately." Mr. Podesta added: "We've been subjected to this ugliness ourselves and know how painful it is."

Ironically, Mr. Hyde issued a memo to Judiciary Committee members Monday about news reports that Mr. Clinton's allies "may be attempting to collect and disseminate derogatory personal information about members of Congress" as part of a "scorched earth" policy.

Mr. Talbot said Salon learned of the allegation from Norm Sommer, a Florida retiree and lifelong Democrat who is a friend of Mrs. Snodgrass's former husband. Mr. Sommer did not disguise his partisan motivation, saying in an interview that he was outraged over the Lewinsky investigation and what he called "a campaign to get this president."

"There's no statute of limitations on Henry Hyde," Mr. Sommer said. "He's the biggest phony in Washington, the icon of moral rectitude. Why should this guy be a de facto judge on whether there should be impeachment when he's guilty of an adulterous affair?"

Mr. Sommer said he had called 57 journalists over six months in an effort to publicize the story Mr. Snodgrass had told him. Mr. Sommer said that he also called the White House and Democratic National Committee for guidance but that "nobody would speak to me."

According to Salon, Mr. Hyde's affair began in 1965, a year before he was elected to the Illinois House. Mr. Hyde, who was married, was 41, and Mrs.

Snodgrass was 29. Her former husband, Fred, gave Salon two photographs of Mr. Hyde with her. One was inscribed, "I love you Cherie!!!!" and signed "Hank, Dec. 30, 1966."

Mr. Snodgrass, a former Chicago furniture salesman, said in an interview that Mr. Hyde was a "superhypocrite" who broke up his marriage. "He had an affair with a young woman with three little children," said Mr. Snodgrass, 76. "At least the president picked on a single woman."

He said Mr. Hyde "conned" his former wife and later set her up in an apartment. "He was a good-looking guy, spent a lot of money on her, took her places," Mr. Snodgrass said.

[The former Mrs. Snodgrass, now Cherie Soskin and living in Texas, said that Mr. Hyde — whom she called Hank — said that he was single. The Associated Press reported, citing the San Antonio Express-News, Mrs. Soskin, 62, said she had started divorce proceedings and was no longer living with Mr. Snodgrass when the affair with Mr. Hyde began.]

[She charged that her former husband was publicizing her affair with Mr. Hyde to seek revenge. "He was a blamer," she said. "He could never accept responsibility for his own actions and blamed everything on Hank."]

Two leading Republican critics of Mr. Clinton, Representatives Dan Burton of Indiana and Helen Chenoweth of Idaho, have acknowledged extramarital affairs in the last two weeks after being confronted by newspapers in their states.

## Jones Lawsuit Again Threatens Clinton

Her Lawyers Plan to Cite Starr Report in Appeal Against Case's Dismissal

By Neil A. Lewis  
New York Times Service

WASHINGTON — The Paula Jones lawsuit that is at the heart of the charges leveled against President Bill Clinton by the independent counsel Kenneth Starr is re-emerging to pose new political and legal threats to the president, according to lawyers in and outside the White House.

A judge in Little Rock, Arkansas, dismissed the sexual-misconduct suit in April. But a federal appeals court in St. Paul, Minnesota, that is set to hear arguments next month on whether to reinstate the lawsuit will now be asked to consider Mr. Starr's charge that Mr. Clinton lied when he testified that he had not had sexual relations with Monica Lewinsky.

Mrs. Jones's lawyers said Wednesday they are preparing a brief that will argue that Mr. Starr's report to Congress on possible impeachable offenses said to have been committed by the president provides strong grounds to overturn the dismissal of the lawsuit.

John Whitehead, president of the Rutherford Institute in Charlottesville, Virginia, and one of Mrs. Jones's lawyers, said her legal team was poring over the Starr report and using parts of it to prepare its final brief, due next week. In particular, Mrs. Jones's lawyers expect to use the accusation in the Starr report that Mr. Clinton lied when he testified under oath in the Jones lawsuit in January.

## Down in Texas, Doubts

For Governor Bush, Clinton's Woes Make White House Less Palatable

AUSTIN, Texas — Governor George Bush of Texas says the scandal involving President Bill Clinton is depressing and has left him wondering if he wants to seek the presidency.

Mr. Bush, a son of former President George Bush and a possible candidate for the Republican nomination in 2000, told the Austin American-Statesman that the scandal was bad for the country. But he declined to call for Mr. Clinton to resign.

"The process in Washington is a sullied process, and I take no joy in any of this going on," Mr. Bush said. "It's not good for America."

Mr. Bush, 52, has admitted to committing his own youthful indiscretions but has never disclosed what they were. He has said he used to drink heavily but stopped in 1986.

He said the Clinton scandal had underscored his concern about the difficulty of living in what he calls the "bubble" of security and public scrutiny enveloping a president. "I think running for president is a commitment to the 'bubble,'" he said, "and I've got to make up my mind at the right time if that's what I want to do. Is this something I want to put my family through?"

Mr. Bush, who is seeking re-election in November and has a big lead over the Democratic candidate, Garry Mauro, a Clinton ally, said it was up to Mr. Clinton to decide if he wants to quit or face possible impeachment for the affair and for lying about it.

"He is going to have to ask how effective he is as the president of the United States," Mr. Bush said. "I'm certainly not going to be out here on the sidelines chirping away, giving him advice."

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## POLITICAL NOTES

## Report by Race Panel Expected to Be Bland

WASHINGTON — In the beginning, there was no staff, no concrete plan and no tangible goal, only President Bill Clinton's expectation that his Initiative on Race would help bridge the U.S. racial divide and carve him a special place in history.

But as the president's seven-member race panel prepares for its crowning event Friday, the publication of its report, the soaring hopes that once accompanied its work have been mostly abandoned.

The report promises no significant new policy thrusts. The set of proposals expected to be forwarded to the president either restates recommendations or endorses initiatives already embraced by the Clinton administration. And now, 15 months and 300 meetings after it began, many of those who have followed the commission's work say that if the president is to leave a lasting legacy on race, it will not be reflected in the work of this initiative.

The story of how the race initiative has come to engender fast-shrinking expectations is in many ways testament to the problems posed by the issue of race. But according to commission members and others who have followed its work, the group's

struggles also reflect a series of internal miscommunications, ideological differences, political timidity and even elements of racial tension among those charged with carrying out the initiative. The effort was further hampered when the president's expected lead role was eclipsed by the Monica Lewinsky scandal. (WP)

## Starr's Daughter Joins Clinton's at Stanford

PALO ALTO, California — Kenneth Starr, the independent counsel, is helping his daughter settle in as a first-year student at Stanford University, where Chelsea Clinton is about to start her sophomore year.

Mr. Starr, his wife, Alice, and their daughter, Carolyn, arrived Wednesday night and checked into the Cardinal Hotel, where they reserved a one-bedroom suite for three nights.

Mr. Starr would not comment on his investigation of President Bill Clinton, but said he was "just delighted" that his daughter would attend Stanford.

University officials had no comment, saying that they do not make public information that might invade a student's privacy. (AP)

• The parents of a Utah man killed in a New York subway robbery accepted a \$300,000 settlement in a wrongful death suit because of "archaic" state laws limiting the amount of awards, their lawyer said. (AP)

• Most Americans support gun design standards that are intended to prevent accidental shootings, according to a poll by Johns Hopkins University. (AP)

## Lewinsky Tries To Sell Her Story

WASHINGTON — Five publishers said they had been approached by a representative for Monica Lewinsky about a possible deal for a memoir.

A publisher said Wednesday that he had rejected the book. "I'm as big a whore as anyone, but I'd rather die first," the executive said.

Judith Regan of Regan-Books said the former White House intern's story was no longer as valuable because "so many details have come out."

Ms. Lewinsky's representative would not comment.

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EUROPE

## Albanians Seeking to Strip Berisha of Arrest Immunity

Compiled by Our Staff From Dispatches

TIRANA, Albania — A legislative commission recommended Thursday that Sali Berisha, the main opposition leader in Albania, be stripped of his immunity against arrest.

This was seen as the first procedural step toward detaining the former president on charges of fomenting riots after the slaying of an ally.

The chairman of the commission, Spartak Braho, said the measure would have to be voted upon by the full Assembly on Friday.

The decision was made as Mr. Berisha continued urging his followers to organize more protests to demand the resignation of his arch-rival, Prime Minister Fatos Nano.

About 2,000 or more Democratic Party supporters gathered again Thursday to condemn the government, and Mr. Berisha assailed Mr. Nano as "the champion of corruption in Europe."

Others were prevented from joining the protest by police roadblocks at key intersections, purportedly set up to check for weapons.

The marchers, who appeared to be unarmed, walked along a road close to the Interior Ministry, passing special police units without incident.

Western powers fear that the violent confrontation between Mr. Berisha and Mr. Nano that erupted in the last week could worsen if Mr. Berisha is arrested on charges of seeking to overthrow the government.

During an afternoon meeting attended by international officials, the legislative commission

decided against removing the immunity of five of Mr. Berisha's allies pending further evidence.

Mr. Berisha and his five fellow deputies refused to attend the meeting, saying that they already considered the outcome a foregone conclusion.

Mr. Nano's Socialists dominate both the commission and the Assembly, and it was expected that the full chamber would go along with the recommendations.

A government source said there was pressure from international officials to come up with a lesser charge against Mr. Berisha in order to avoid further instability.

Mr. Berisha has dismissed the Nano government's plan to prosecute the alleged plotters of a coup that plunged the capital into chaos on Sunday and Monday.

Seven people were killed and 76 were wounded.

"This is an act of madness and real national betrayal which shows the determination of Fatos Nano to destroy the opposition and the whole of Albania," Mr. Berisha said of the plan.

Under Albanian law, the charge of armed uprising carries a sentence of life imprisonment or the death penalty.

A decision to arrest Mr. Berisha would have to come from the state prosecutor's office rather than from Parliament, Mr. Braho said.

Meanwhile, new unrest was reported in northern Albania, where Mr. Berisha has strong support. The police said a gang of about 80 men, armed with



An Albanian soldier, masked against retaliation, guarding a checkpoint Thursday on the outskirts of Tirana as thousands called on Prime Minister Fatos Nano to quit.

grenades and assault rifles, attacked a bank and police station in Lezha, north of Tirana.

Three of the attackers died in battles with the police and several were wounded, according to an Interior Ministry spokesman. An explosion in Lezha two weeks ago damaged the local office of Mr. Nano's Socialist Party. (AP, AFP, Reuters)

## Bosnia Vote Results Held Up

### Monitors Are Manipulating, Extremists Charge

SARAJEVO, Bosnia-Herzegovina — International officials refused Thursday to make public any results from the Bosnian national elections, ignoring allegations from extremist parties that they were trying to manipulate the outcome of the voting last weekend.

"We are not going to make judgments based on 60 percent or 40 percent of counted ballots," said Nicole Szulc, spokeswoman for the Organization for Security and Cooperation in Europe, which ran the election. "The only results that will matter are the final results," she said, which are expected in a few days.

Roben Barry, head of the organization in Bosnia, said results would probably be announced Wednesday or Thursday — at least 10 days after the voting.

Mr. Barry dismissed the conclusions of an official report alleging that the polls were marred by serious administrative problems, saying that "computer breakdowns" were to blame for the problems that were highlighted in a report co-authored by his organization, the European Parliament and the Council of Europe.

He said the technical glitches affected only 2 percent to 3 percent of the Bosnian electorate in the polls, the country's second since the 1992-95 war.

Extremist parties have claimed victory, based on reports from party monitors who watched the counting at precinct level after

two days of voting, which ended Sunday.

If the claims are true, the outcome would be a severe blow to international efforts to build a stable, multiethnic state.

It could also raise doubts about the effectiveness of the international effort that has sought to rebuild the country since the 1995 Dayton peace accords.

The most closely watched contest, involving the re-election bid of the Bosnian Serb president, Biljana Plavsic — a moderate backed by the West — has generated conflicting claims about whether she won or lost.

Hundreds of flag-waving Radical Party supporters took to the streets of Pale and other towns in the ethnic Serbian half of Bosnia on Wednesday night to celebrate what they said was Mrs. Plavsic's defeat by an extremist, Nikola Poplasen.

A Western diplomat in Sarajevo said both sides were creating circumstances to declare the elections void in case of defeat.

Mrs. Szulc dismissed reports spread by various parties in Bosnia of their victory.

She said that the ballot counting was complicated and that there were some 200,000 ballots in envelopes that have not yet been opened.

"Releasing preliminary figures would only add to the dispute about who really won," Mr. Barry said at a news conference in Banja Luka. (AP, AFP)

### BRIEFLY

#### Kohl Promises East Better Times

DRESDEN — Chancellor Helmut Kohl on Thursday assured East Germans, who may be key in deciding the outcome of the general election Sept. 27, that things were really going to get better.

Mr. Kohl's Christian Democrats and the Social Democrats who hope to unseat them have redoubled their efforts to attract voters in the unemployment-highlighted and depressed East that is seen as the crucial final battleground of the campaign.

Addressing a congress of bankers who refrained from the heckling and booing he has endured at public rallies, Mr. Kohl said the "flourishing landscapes" he promised years ago were taking shape. "Of course, it is hard but we are on course and we have every chance, and must use them," he told the audience in Dresden's Palace of Culture.

Mr. Kohl's Christian Democrats have narrowed the Social Democrats' lead in opinion polls to 3 percentage points, but in the East, where voters shift party allegiance more readily, he trails by about 10 percent. (Reuters)

#### Errors Cited in '97 Near-Collision

LONDON — Investigators blamed Thursday errors by a pilot and air traffic controllers for what was nearly a midair collision between a Japan Airlines Boeing 747 and a business jet near London last year.

The jumbo jet, bound for Heathrow Airport with 288 people aboard, flew less than a mile from a Gulf Stream IV, with five aboard, in a thick cloud above Lambourne, 50 miles (80 kilometers) west of London, the Civil Aviation Authority said.

The incident, which took place on July 3, 1997, was attributed to failure of the Japan Airlines pilot to descend to the level instructed by air traffic controllers, and controllers not handling flight paths properly, according to the authority's report. The pilots of both planes took action to avoid a collision only after onboard warning systems were triggered, the report said. (AP)

#### Rainfall Worsens Belgium Floods

BRUSSELS — Low-lying areas across Belgium struggled through a fourth day of rain, floods and evacuations Thursday.

The Belgian meteorological service declared days of record rainfall a "disaster," clearing the way for the government to provide special relief for those with water knee-high in their homes and no insurance to pay for the damage.

Soldiers helped reinforce dikes or breach others to divert water away from residential areas as rain fell again in many parts of the country. (AP)

#### French Cohabitation Bill Assailed

PARIS — The Roman Catholic Church condemned Thursday the French government's decision to introduce a law that will grant unmarried people living together the same social and tax rights as those enjoyed by a married couple.

In a statement, the French Bishops' Council warned that the so-called "civil solidarity pact" could undermine the fabric of society and said homosexuals must not be given the same legal privileges as a man and his wife.

Justice Minister Elisabeth Guigou said that the bill would bring the law into line with modern life in France, a Roman Catholic country where more than 2 million couples, both gay and heterosexual, live together unmarried. (Reuters)

#### English Activists Free 8,000 Mink

ONNELEY, England — Animal rights activists freed nearly 8,000 mink from cages at a breeding farm Thursday, marking the second such action in Britain in as many months.

The police issued an alert after the animals, bred for their pelts, were freed from a farm in Onneley, Staffordshire. Most of the mink stayed in the farm compound, but the police said 2,000 had escaped into the countryside. (AP)



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INTERNATIONAL

# Kabila's New Offensive Likely to Prolong Chaos in Congo

By James Rupert  
Washington Post Service

KINSHASA, Congo — Two weeks after Laurent Kabila, president of the Democratic Republic of Congo, and his foreign allies turned back an offensive on Kinshasa by ethnic Tutsi rebels and their foreign allies, he is pressing a new military offensive in the east and dismissing any idea of negotiating with his foes.

At the same time, feeling strengthened by his military success and popular support for his fight against a rebellion backed by Rwanda and Uganda, Mr. Kabila appears to be ignoring calls from Congolese for a broadening of his 16-month-old government. Notably, his government is preparing to tighten its control over this

year's main political event in Congo: the elaboration of a new constitution.

With these initiatives, military and political, Mr. Kabila risks overreaching himself and is likely to prolong, rather than resolve, the turmoil and violence embroiling this country, Congolese scholars and foreign diplomats say.

Mr. Kabila is urging Angola and Zimbabwe — two of the handful of African nations that came to his aid in the weeks after the rebellion broke out Aug. 2 — to help him mount an offensive in eastern Congo to drive out the rebels and their Ugandan and Rwandan backers. He reportedly is recruiting and rearming thousands of ethnic Hutu Rwandans who have been living in eastern Congo since 1994.

Last year, Mr. Kabila relied largely on

troops sent by Rwanda, Uganda and Angola to topple Mobutu Sese Seko and seize power. Those nations retained influence and provided support in Congo until this summer, when the breakup of that coalition effectively divided Congo into spheres of foreign military influence.

That, plus Mr. Kabila's inability to form a solid domestic political base, risks furthering what has been a slow dissolution of Central Africa's largest state, several analysts said.

On July 28, Mr. Kabila ordered Rwandan troops still stationed here to go home. Within days, Rwanda and Congolese Tutsis, joined by Uganda, launched a war to oust him. They flew troops across Congo to the Atlantic coast and marched to the edge of Kinshasa

with startling speed. But when Mr. Kabila got Angola and Zimbabwe to back him with troops and planes, with Namibia and Zambia also providing support, the reversal was just as fast.

In the two weeks since Mr. Kabila and his allies dispersed the offensive on Kinshasa, fighting has been scattered and inconclusive. But diplomats said Mr. Kabila's military is working to organize Rwandan Hutus.

Those Hutus and tens of thousands of civilian refugees fled Rwanda during the fighting in the 1990s and are scattered in Congo, the Congo Republic, the Central African Republic and Angola. Mr. Kabila "is getting them weapons to let them carry the war back into Rwanda," where the Tutsi-dominated government is fight-

ing Hutu militants, said a European diplomat. He said the result "would be a humanitarian and political catastrophe."

## Zambia's Diplomatic Shuttle

President Frederick Chiluba of Zambia is planning a diplomatic shuttle to the capitals of Rwanda and Uganda as part of regional efforts to try to end a war in the Democratic Republic of the Congo, Reuters reported from Johannesburg.

Diplomats and government officials said Thursday that Mr. Chiluba's mission for talks with President Pasteur Bizimungu of Rwanda and President Yoweri Museveni of Uganda was part of moves by the Southern African Development Community to secure a cease-fire in the strife-torn Congo.

## Out in Space, Mystery Force Is Baffling to Top Scientists

By Malcolm W. Browne  
New York Times Service

NEW YORK — For 19 years, space scientists, astronomers and physicists have been scratching their heads in search of an explanation for a mysterious force that seems to be pulling spacecraft in the direction of the sun.

A team of investigators has now announced that, after examining and ruling out most of the possibilities they could think of, the mystery remains unsolved.

This means, they said in a report accepted for publication in the journal *Physical Review Letters*, that there is a slight possibility some hitherto unknown phenomenon might be at work — "new physics," as physicists call such mysteries.

A much more likely possibility, they acknowledged, is that some error in calculation or observation is responsible for the anomaly.

But hope for something more significant springs eternal. On the rare occasions when experiments or observations have revealed genuinely new physics, discoverers have achieved renown and even won Nobel prizes.

Heading the group of six scientists who studied the anomalous attraction mystery was John Anderson, an astronomer at the Jet Propulsion Laboratory in Pasadena, California.

In an interview, Mr. Anderson said that he had noticed the peculiar effect in 1980 while analyzing trajectories of two outward-bound and very distant spacecraft, Pioneer 10 and Pioneer 11.

These trailblazing solar system explorers, launched in 1972 and 1973, are now at the very edge of the solar system — about 68 times farther from the sun than the 93 million miles (150 million kilometers) separating Earth and the sun.

Besides the two Pioneer spacecraft, two later probes — Galileo, launched toward Jupiter in 1989, and Ulysses, launched into polar orbit around the sun in 1990 — have furnished radio data for the investigation. The trajectories of all four spacecraft have revealed evidence of a weak force that slightly perturbs their directions and velocities.

The force was discovered by adding up the effects of all other known forces acting on the spacecraft and finding that something unexplained was left over.

Mr. Anderson's investigation, later joined by Michael Martin Nieto, a theorist at Los Alamos National Laboratory in New Mexico, and scientists of Aerospace Corp. in El Segundo, California, and Astrodynamic Sciences Co. in Los Angeles, relied primarily on radio signals transmitted between the spacecraft and ground stations around the world.

Their calculations, made using two independent methods and two different types of radio data, took the following into consideration:

Possible errors in software and hardware used in computer analyses; the gravity exerted by the sun, its planets and the Milky Way galaxy; possible gas leaks from the crafts' maneuvering rockets; errors in planetary motion tables and accepted values of Earth's orientation and motion and possible forces created by radiation from onboard power reactors.

Other factors considered: a possible drift in atomic-timing clocks used to determine a craft's distance from Earth and the possible gravitational influence of hypothetical dark matter and the theorized particles thought to constitute a significant fraction of the universe's mass.

In contrast with the force of gravity, the strength of the mystery force does not decline proportionally to the inverse square of a spacecraft's distance from the sun but at a constant — linear — rate. This argues against the force being a gravitational effect of the sun.

Mr. Anderson said a mission to the planet Pluto in the 21st century might shed light on the mystery.

## CLINTON: Hyde Disclosure Roils House

Continued from Page 1

tape would soon be filling American television screens with images said to show a sometimes angry, confrontational and evasive president.

The White House, meanwhile, continued its campaign to shift the nation's attention back to its domestic agenda. Mr. Clinton said he would veto Republican-backed legislation for an \$80 billion tax cut unless steps were first taken to shore up the Social Security program.

"It's an election year and it's popular," the president said of the proposed tax cut. "But it isn't right."

He said he would veto any bill "that squanders the surplus on tax cuts before we save Social Security."

While support even from members of his own party has grown uncertain, Mr. Clinton maintains a powerful tool to influence the legislative process: his presidential veto.

The White House flatly denied any role in spreading the adultery revelation about Mr. Hyde to Salon magazine ([www.salonmagazine.com](http://www.salonmagazine.com)). But that story, and the impending release of the videotape, left the country bracing for increasingly harsh and bare-knuckled partisan rhetoric. It came quickly.

A California Republican, John Doolittle, complained of "vicious partisan attacks via the news media by individuals who are clearly attempting to intimidate members of Congress."

Analysts said it seemed unlikely a White House operative would have sought to anger Mr. Hyde, a widely respected legislator, at the very moment he was preparing for the possible opening of impeachment hearings against Mr. Clinton. The Starr report outlined 11 possible grounds for impeachment, including perjury, obstruction of justice, witness tampering and abuse of power.

Mr. Clinton left Washington on Thursday for a fund-raising event in Ohio, but the shadows of political contention accompanied him. The Cincinnati Enquirer repeated a call for Mr. Clinton's resignation, one of nearly 80 newspapers urging him to step down. And a Democratic candidate for the House of Representatives whose district includes the local airport pointedly refused to meet Mr. Clinton there.

That was one of many small signs of Democratic anger with Mr. Clinton's

actions and explanations in the Lewinsky scandal. A longtime Democratic ally, Senator Dianne Feinstein of California, told CNN that she had "respectfully declined" an invitation from Mr. Clinton to discuss the matter with him at the White House.

And with anger resonating through Capitol Hill, a new call for Mr. Clinton's resignation came from a moderate Republican, Representative Marge Roukema of New Jersey.

The president has attempted, nonetheless, to pursue what aides have called a "business as usual strategy."

Mr. Clinton began his day in Washington speaking to a predictably friendly group, members of an electrical union, and received an enthusiastic welcome.

With statements on policy and a broad call Monday for global economic cooperation to fight the spreading financial crisis, he has sought to calm fears about his authority to lead even as prospects for impeachment hearings appear to be growing. On Wednesday, he had called on Americans to rise above destructive debate.

"I think that the right thing for our country and the right thing for all people concerned is not to get mired in all the details here," he said, in his first encounter with the press since the House of Representatives made the Starr report public. The voters, he said, "want me to go on and do my job, and that's what I intend to do."

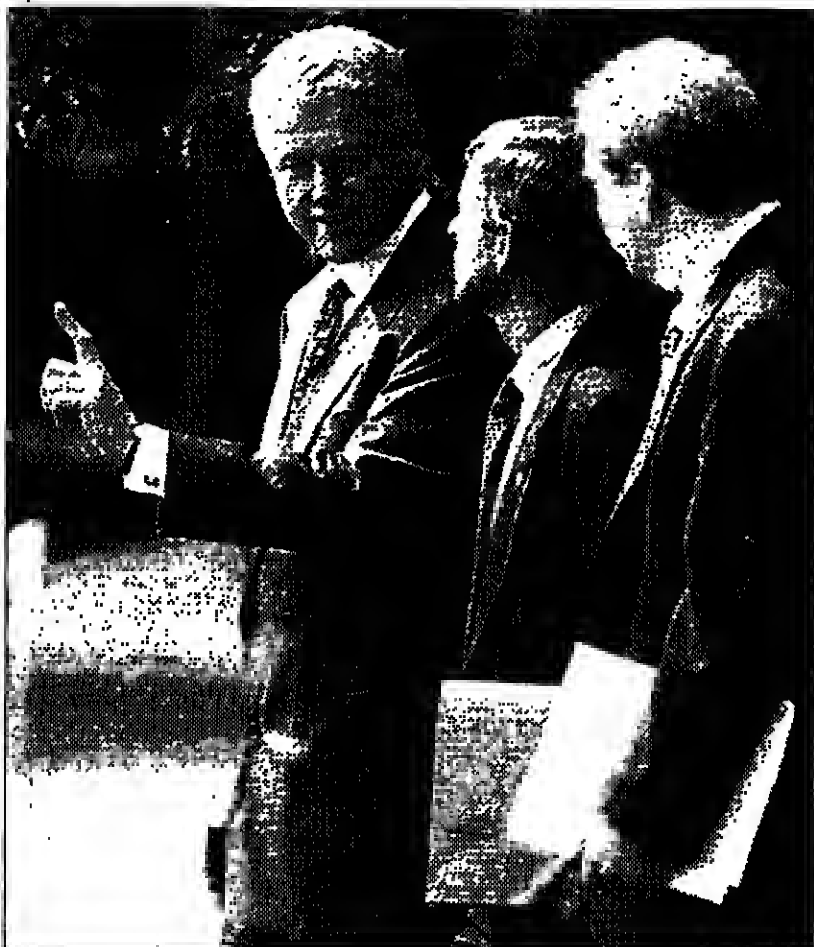
But Congress has found itself increasingly seized by the Lewinsky matter.

On the floor of the House, anger over the story about Mr. Hyde brought an extraordinary promise Thursday: Leaders of both parties in the House vowed that their parties would not fund campaign advertisements for any candidate that included personal attacks.

Representative Martin Frost of Texas, chairman of the Democratic congressional campaign committee, said he was appalled by the story about Mr. Hyde, whom he called an honorable man. Mr. Frost said that any member of his committee involved in personal attacks on an opponent would be fired.

His Republican counterpart, John Linder of Georgia, said he suspected the "hidden hand" of the White House in the Hyde story, but promised to warn all Republican candidates against personal smears on their opponents.

Personal attacks "unrelated to public



President Clinton making a point to his friend Bruce Lindsey, center, and a spokesman, Joe Lockhart, as he walked to his helicopter Thursday at the White House, beginning a trip to Cincinnati and Boston.

office" are "simply off-limits," Mr. Linder said. "We are soon going to have no one of any stature willing to put themselves through this wringer."

The Judiciary Committee, meanwhile, was also considering publication of boxes of supplementary evidence provided by Mr. Starr.

Since last week, the committee has studied the 2,600-page appendix to the Starr report, which includes tapes, court orders, charts and a diagram of the Oval Office.

Republicans were not unanimously in favor of releasing all the evidence, according to sources quoted by The Washington Post. One legislator, Nancy Johnson of Connecticut, said that some details were "not good for our kids."

adding, "If the detail isn't necessary, we don't need to drag ourselves through it."

But Representative Christopher Cox of California, chairman of the Republican Policy Committee, said: "This is a democracy, and this kind of proceeding must be carried out in public. Let the facts speak for themselves."

One committee member said a tentative agreement had been reached not to make public the most sexually explicit of the written documentation provided by Mr. Starr.

"There is an agreement between the majority and minority staff that there is certain information that should not be in the public domain," said Representative Stephen Buyer, an Indiana Republican.

relationship with Miss Veskmova became apparent and its earlier existence was widely retroactively assumed. She was referred to in the press as his lover but, though Mr. Havel has his enemies, the issue of their relationship was never raised in a political context.

But given the great respect that Olga had commanded, Miss Veskmova was not readily accepted by all citizens.

She was the butt of many jokes, and the press, which withheld comment on the propriety of having a first lady appear nude in a film, directed criticism at matters of decorum and housekeeping.

Soon after Olga's death, Mr. Havel's

## HAVEL: Czech Leader Bats Away Lewinsky Scandal With Praise for McGwire and Sosa

Continued from Page 1

in the works of Ivan Klima and Josef Skvorecky, among others.

Nearly every contemporary Czech movie has some, usually comic, adulterous scene. Not long after Mr. Havel married Dagmar Veskmova in 1977, the new first lady, an actress, appeared fully and frontally nude in a movie playing a character who, at one point, says she will never have anything more to do with politicians.

There was more public comment about that line than about the nudity and, in any case, there was no condemnation of it.

Billboards in Prague and other cities show copulating couples in advertising for unexciting products like office machines that would probably stir outrage in New York.

No, the Czechs, a nominally Roman Catholic people, are at least as openly fascinated by sex as Americans. They just do not seem to be ready to blame or castigate those among them who stumble or fall from grace, whether fictional characters or real politicians.

For example, when Miroslav Macek, the deputy leader of the Civic Democratic Party was asked Monday why no sexual scandal had erupted in the Czech Republic, he answered, "Czechs have not been that terribly estranged from nature as Americans."

The married politician, a national figure who has never concealed and sometimes flaunted his relationships with women, declared, "That men from time to time have women is, fortunately, considered natural here."

One explanation for this high degree of tolerance and a rigid respect of privacy is that under totalitarian communism, private lives were regarded as hallowed refuges.

Jirina Siklova, probably the country's best known feminist and the founder of the gender studies center at Charles University, addressed this theme in an article in January.

"Under socialism," she wrote, "because people could not fulfill themselves in their often meaningless work for the state, personal relationships were even more significant for them than in Western countries. This is testified by the high marriage and divorce rates, the widespread sexual promiscuity and the tolerance of extramarital sex, infidelity and abortion."

Certainly, Mr. Havel's experience in these areas offers a contrast with that of his saxophone duet partner, Mr. Clinton. In the years that he was the often im-

prisoned leading dissident in what was then Czechoslovakia, Mr. Havel's closest friend and confidant was his wife, Olga, whom he had known since 1956 and married in 1964.

It was she who had advised him that when he was being interrogated he should never tell the police anything, "not even the name of your dog."

It was also to her that he wrote from prison refining his ideas on living in truth and talking truth to power. The correspondence subsequently was published as the book "Letters to Olga."

Until her death of cancer in December

1996, they remained the very best of friends. Yet, as the American writer Paul Beehan wrote in The New York Times Magazine, "Vaclav and Olga had not been exactly faithful to each other in the romantic sense, but they had been loyal and close in other respects."

Such views of the marriage had circulated within the tiny dissident community, where a record of sexual fidelity had less to do with determining a person's standing than loyalty to each other and a reputation for never cooperating with the secret police.

Soon after Olga's death, Mr. Havel's

## Reno Says She Has Not Reviewed Starr's Report 'in Detail'

Reuters

WASHINGTON — Attorney General Janet Reno, the only person authorized to dismiss Kenneth Starr, said Thursday she had not read all of the independent counsel's report citing possible grounds for President Bill Clinton's impeachment.

"I've not read it in detail," Ms. Reno said when asked about Mr. Starr's report, which he submitted to Congress and released to the public Friday, and which listed 11 possible impeachable offenses by Mr. Clinton.

"From what I have heard, nobody would really read it in detail," Ms. Reno

said. "They would read it and find out the substance of it and what the issues were, but there are some details that I don't think I have to read."

She did not elaborate on what details she was referring to, but the report contained descriptions of the sexual acts that Monica Lewinsky, a former White House intern, allegedly performed on Mr. Clinton near the Oval Office.

Ms. Reno's spokesman, Bert Brandenburg, later said Ms. Reno skipped over some of the "graphic evidence" in the report. He said she read an estimated 80 percent or 90 percent of the report, including the section concerning grounds

for impeachment. He said she was familiar with the report's contents, even if she had not read all of it.

At her weekly news conference Thursday, Ms. Reno appeared to be taking distance from the scandal, which has caused an uproar in Congress and the worst crisis of Mr. Clinton's presidency.

Ms. Reno, America's highest legal official, in January approved Mr. Starr's request to expand his investigation into the Lewinsky sex-and-perjury allegations. And under the law, Ms. Reno is the only person who may remove an independent counsel from office for "good cause."

Ms. Reno said she had no view on whether the House of Representatives Judiciary Committee should release Mr. Clinton's videotaped testimony to a grand jury investigating the allegations against him.

Ms. Reno also said she did not make any comments during last week's emotional cabinet meeting when Mr. Clinton apologized for his behavior.

Ms. Reno said that after the meeting she "went up to the president and shook his hand and said that I appreciated the opportunity to hear" him. Mr. Clinton responded by thanking her for attending the meeting, she said.

## Germany's Stern Fetes 50 Years

Reuters

BONN — One of Europe's best-known magazines celebrated half a century of scoops and scandals Thursday with the supermodel Claudia Schiffer on its cover and Chancellor Helmut Kohl conspicuous by his absence inside.

The German weekly Stern, famed for its photographs and shamed for the fake "Hitler diaries," marked its jubilee with an issue devoted to how Germans see Germany, starting with the promise of an interview with Mr. Kohl.

But the special fold-out cover was printed before Mr. Kohl read a Stern article about him that annoyed him so much he called off the interview.

Stern (the German word for "star") made headlines of its own with the Hitler diaries in 1983.

The magazine paid a fortune for the documents and declared it had secured the "journalistic coup of the postwar era." It lost a degree of credibility when

they were quickly exposed as fakes. The glossy with a leftist-liberal political stance was founded by Henri Nannen just before creation of a new West Germany whose ups and downs it would chronicle.

The first issue appeared in August 1948 but the publishers decided to delay the jubilee edition and an accompanying party Thursday in Hamburg until after the summer vacation period.

Mr. Nannen remained the magazine's guiding force for decades, building up a reputation for both populism and serious journalism.

Mr. Nannen, who died in 1996, was a staunch supporter of Chancellor Willy Brandt's 1970s policy of détente between West Germany and the communist bloc.

Stern claims the highest circulation of any magazine in Europe — about 1.2 million copies — and is read by more than 7 million people every week.

## Mexico Gunmen Slay 18 in an Execution

The Associated Press

MEXICO CITY — Gunmen in northern Mexico lined up 21 members of three families against a wall Thursday and opened fire. Eighteen people were killed, the police said, and the remaining three were seriously wounded.

The shooting occurred before dawn in El Sauzal, a suburb of the resort of Ensenada 100 kilometers (60 miles) south of the U.S. border.

The Ensenada judicial police officer, Jose Ramon Espinoza, said the victims — men, women and children — were members of three families: the Flores family and two families with last name of Castro.

Mr. Espinoza said he had no information on suspects or a possible motive.

## ETA: Basque Group Announces Cease-Fire

Continued from Page 1

December for collaborating with the rebels.

In July, a judge shut down the Egin, a newspaper in which ETA published its communiqués.

But another paper, Euskadi Informazioa, soon opened to replace it and published ETA's latest cease-fire communiqué. In another sign of the continuing struggle, the Herri Batasuna party, which holds about 12 percent of the vote in the Basque region, appointed new leaders, and young hooded supporters of Basque independence have kept up their campaign of burning buses and smashing windows that caused \$19 million in damages in Basque towns last year.

The ETA cease-fire communiqué said there was a "unique occasion" to advance Basque sovereignty, and it declared as inadequate the home-rule powers that Madrid already has accord-

ed to the three main Basque provinces, where the 2 million residents have their own Parliament, taxing powers and a regional police force.

Xabier Arzalluz, leader of the Basque Nationalist Party, said the cease-fire brought "relief to all threatened by ETA."

## No Change on Crackdown

Government officials remained tight-lipped on whether they would continue a police crackdown on ETA despite its declaration, Reuters reported.

ETA said this year that it was "ready to learn" from the approach taken by the Irish Republican Army, whose cease-fire last year paved the way for Northern Ireland's historic peace agreement.

ETA's cease-fire announcement sparked an almost euphoric reaction from many moderate Basque nationalist politicians, who regard it as a major breakthrough in the quest for peace.



## No Easy Road on Clinton

Nor are we yet convinced, as the —THE WASHINGTON POST.

## Iran vs. Afghanistan

## Other Comment

**Other Comment**

## Spare the Constitution

For Democrats now, the appeal of resignation is simple: it saves them the risk of defending the president. But the

## For Asian Stability, a China-U.S.-Japan Triangle

**By Ezra F. Vogel**

Both the three bilateral relationships and the powers themselves are highly unequal. One side of the triangle, the United States and Japan, is bolstered by a strong security alliance built on mutual trust from half a century of close cooperation. The alliance rests on an understanding that Japan forswear the development of nuclear weapons and an offensive military capacity, and provide financial and logistical support to U.S. forces, while the United States provides protection to Japan.

*First of two parts.*

A start has been made to develop a productive and strategic U.S.-China relationship, but for at least some decades it cannot compare in depth and scope to the U.S.-Japanese relationship.

Relations between China and Japan, the third side of the triangle, are extensive but brittle. Japan's written language, culture, religion, philosophy, and art have been deeply influenced by China. As a result of proximity, Japan

China faces enormous problems. But there are many grounds for hoping that it will continue to progress, including the coherence and determination of the political leadership, the competitiveness of Chinese products in world markets, its huge domestic market, the massive new investments in infrastructure and the high savings rate. These factors suggest that China will continue to grow more rapidly than most other countries.

Japan remains a cooperative global power without territorial or military ambitions. Despite the current criticism of Tokyo for not doing more to stimulate Japanese growth for Asian recovery and not providing more political leadership in regional and global affairs, it continues to play a very constructive role as a model member of regional and international organizations. Japan follows rules, and its role in providing aid and capital around the world is unequalled.

The writer is head of the Fairbank Center for East Asian Research at Harvard University. This comment was adapted by the International Herald Tribune from the second Goh Keng Swee Lecture on Modern China he gave in Singapore recently.

# Clinton on Impeachment: The View From '74

By John W. Whitehead

interview, and we covered a wide range of subjects — his work on George McGovern's presidential campaign, the role government should play in our lives, and Bob Dylan's music. "I think he's a genius," Mr. Clinton told me.

My first question was why an Arkansas native had attended Georgetown University in Washington. "I wanted to be exposed to the national government so that I could get a very good background in American domestic politics just by the virtue of being in Washington," he told me.

was nothing more to the people than a PR man's construction. He didn't say anything about anything. I won't let that happen to me."

For all his expressions of idealism, some of the political fuzziness we now know him by surfaced when he discussed the new Southern politicians: "Often, when they have found themselves in a difficult spot, they have been known to give less than concrete answers. I

thought the definition of impeachment should be. "I think that the definition should include any criminal acts plus a willful failure of the president to fulfill his duty to uphold and execute the laws of the United States," he replied.

Our paths did not cross again until years later. I went on to practice law, start a family, become a Christian, change some of my political views and establish an organization that specializes in civil liberties and religious rights. Not until the Rutherford Institute got involved in the Paula Corbin Jones case against President Clinton did we meet again, this time on different terms.

To me, the real questions today are: How did Bill Clinton become what he said he would not become? How could someone with so much promise self-annihilate the way he has?

The president and I come from a generation that was going to bring about a new age of peace, hope and understanding. We were planning to change the world for the better and be better people. What happened?

**John W. Whitehead**, a lawyer and author, is president of the Rutherford Institute and co-counsel in the Paula Corbin Jones sexual harassment lawsuit against President Clinton. He contributed this comment to *The New York Times*.

## Primakov Is No Short-Timer

**By William Safire**

store the state's assets through corrupt privatization and socked away billions outside the country; (2) what is left of the Communist Party, supported by elderly pensioners, and (3) democratic reformers, many appointed and then scapegoated by the weakened Mr. Yelisin.

When Russia's economy most needs the price of its oil exports to go up, you put in the man who wants to get Iraqi production flowing to save Saddam Hussein and bring on an oil glut? When Russia most needs the rule of law and private property, you bring in a veteran Com-

But I wonder. Here we see the oligarchs in bed with Marxist economists who promise to protect bankrupt enterprises and print inflationary money. Remaining democratic reformers hope that the ensuing

Council of Ministers to enter on the preliminary stage of revising the Pirelyus case has caused an almost universal feeling of relief. M. Sarrien, Minister of Justice, explained his reasons for deciding that there ought to be a revision, altogether apart from the question of the guilt or innocence

**John W. Whitehead**, a lawyer and author, is president of the Rutherford Institute and co-counsel in the Paula Corbin Jones sexual harassment lawsuit against President Clinton. He contributed this comment to *The New York Times*.

**IN OUR PAGES: 100**

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anarchy are so rampant that only the intervention of Italy can save the Free State. While Italian pressure is being exerted on Yugo-Slavia, the latter country is threatened by a Bulgarian invasion in Serbian Macedonia. The Belgrade Government has notified Bulgaria that if any such incursions occur, Yugo-Slavia will consider them a *casus belli*.

of Captain Dreyfus, in order that the admitted illegality of his

**PARIS** — Italy virtually annexed Fiume by sending General Giardino as Military Governor, with full powers to restore order in the administration. This decision followed a letter sent to the Italian Government by Signor Depoli, in which, after tendering his resignation as vice-president of the Constituent Assembly, he says that disorder has

United Nations mediator, and his French assistant Colonel André Serot, were shot dead by four gunmen in the Katamon quarter of new Jerusalem. Four men whirled a jeep into the path of the mediator's car, which stopped. The quartet then flourished a Tommy gun, forced Count Bernadotte and Colonel Serot from the car, and shot them dead. The United Nations statement termed

[illegible]



## OPINION/LETTERS

## LETTERS TO THE EDITOR

## Coping With the Starr Report; Anger and Blame All Around

Kenneth Starr blew it. If, after four years and \$40 million, all the independent counsel can come up with is an affair between a silly man in a midlife crisis and a predatory groupie, he has missed the mark. He has tried to cover his failure with a lurid sex exposé, hoping the shock will cover his embarrassing debacle of an investigation.

What will the voters have to say about that in November, particularly if the Republicans in Congress insist on beating the issue to death instead of getting down to solving some of the huge problems facing the country?

DON FORESTA  
Paris.

Honor is due to those Democratic senators and representatives who are putting the nation and their oaths of office before the narrow interests of their party. They, like the Republican senators Howard Baker and Lowell Weicker during the Watergate hearings, will be honored by history.

Contrast that with the more numerous Democratic elected officials who in effect are saying that the president is doing a good job, so charges of perjury, witness-tampering and abuse of office should be overlooked by the Congress and the people. History will have a word about them also.

JAMES R. FEES  
Brussels.

President Bill Clinton seems to have wrecked his presidency by choosing the wrong fight. With conflicts and crises shouting for his attention around the world, he is obsessed about his stained ego. Inability to do one's job is a sufficient reason for resignation.

CHRISTINE ROSSINI  
Cologne.

We Europeans are flabbergasted by what is coming out of Washington. This reaction is not due to cynicism over moral issues. Privacy is an essential component of human rights, and destruction of privacy is an

essential component of totalitarianism. President Clinton's public humiliation should remind Americans of Hawthorne's powerful description of Puritan totalitarianism in "The Scarlet Letter."

GIULIO BINOCCHI  
Geneva.

"Monicagate" is not about a leader's sexual indiscretions and inevitable cover-up. Nor is it about the opposing party's opportunistic handling of the situation. Sex, politics and the intermingling of the two are as old as the hills.

What is new is the spread of technology that allows media supersaturation and the instant dispersal of information. It is about our electronic "interconnectedness" and our questionable ability, as yet, to deal with it. The seeds were sown in the live coverage of a slow-speed chase of a certain white Ford Bronco.

DANIEL FRANKL  
Amsterdam.

My American friends here are doing something now that I have not heard of since the Vietnam era: They are pretending to be Canadian. Let me add that we are not ashamed of our president. What they, and myself, are ashamed of is the venality of the Republican Party, the spinelessness of the U.S. Congress and the shameful idiocy of Mr. Starr's entire campaign. Is the president the only member of the U.S. government still concerned with running the country?

JEREMY SAXON  
Prague.

The stalwart defenders of morality in America, in their zeal to overthrow the twice-elected president of the United States, have had their own appointed independent counsel produce a \$40 million pornographic report and then put it on the Internet for every child with a computer to read. Thanks.

JOHN McQUEEN  
Heidelberg, Germany.

## An Intolerable Case of Workplace Misconduct

In response to the report "The Gradual Erosion of the Private Sphere: Everything's Fair Game Now," Sept. 15: I am amazed that people still consider this to be an investigation into Bill Clinton's private life.

This incident involved the president and an intern working at the White House. Some of the events took place during working hours. They took place in and around the Oval Office, Mr. Clinton's official workplace. Finally, accord-

ing to the report of the independent counsel, Kenneth Starr, some of the events took place while the president was conducting official business on the phone.

Such conduct would not be considered private if it had occurred in the military or in the private sector. It would not be tolerated in any other position. It should not be tolerated from the president of the United States.

PETE ABRAHAM  
Singapore.



If Kenneth Starr's report is "pornographic," as the White House contends, then it is so because Mr. Clinton's own life is pornographic, marked by his pernicious objectification of women.

Mr. Clinton has transformed the Oval Office, a national symbol of American pride and leadership, into a cultural icon of licentiousness, where he apparently degraded a foolish and infatuated young woman for his own selfish gratification. His disgraceful legacy proves once and for all that the character—or lack thereof—of elected officials can and does have tremendous public consequences.

STEVEN A. COSTELLO  
Lake Jackson, Texas.

A decent man would never have indulged in such shenanigans. Caught, a half-decent man would certainly resign. Clearly, Mr. Clinton is neither.

BRIAN J. CAMPBELL  
Wehdelerszande, Belgium.

In six years, President Clinton has managed to erase the budget deficit, give Americans the closest thing to full employment in decades, and bring some measure of peace to Northern Ireland and Bosnia. If we need an adulterer, liar and draft-dodger to do this much good, then so be it. I'll take him over his sanctimonious accusers any day.

MICHAEL S. DEAR  
Frankfurt.

In this wretched business, one person has shown honor and dignity: Hillary Rodham Clinton. The president's wife also has displayed compassion far beyond the call of her marriage vows. Hers is true courage. Mrs. Clinton has enhanced the term "first lady."

JOHN RAY  
Fontenay-Trésigny, France.

I was shocked by the description, in your

front-page article of Sept. 12, "I Sinned," He Says, in Apology That Includes Lewinsky" of President Clinton's prayer-breakfast speech to a group of religious leaders as "abject." Whatever the circumstances, in France, no journalist would dare use that word with regard to the president of the republic.

JACQUES LINDON  
St.-Martin-la-Garenne, France.

Mr. Starr has perpetrated a scandal 100 times worse than anything done by President Clinton. His report is a scurrilous attack not only on the person of the president but also on the office of the president.

In the highly questionable function of the special prosecutor, and supported by extreme-rightist elements, Mr. Starr has spent four years and millions of dollars going from one incident to another, obviously trying to find a fault with the president.

The independent counsel is 95 percent a sex-moogler and the rest a political animal, not worthy of the title "judge." In any other society, he would be sued for libel.

President Clinton's transgressions were at least private and hurt no one until Mr. Starr's warped mind construed a gentleman's effort to shield these private acts as criminal perjury. By opening his report to the public, Mr. Starr has irreparably damaged the presidency. We Americans abroad are humiliated.

RICHARD BOSSHARDT  
Lucerne, Switzerland.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

## With Vigor and Persistence, The Poison Can Be Purged

By Gideon Rafael

JERUSALEM — A few weeks ago in Armagh, Northern Ireland, militant Protestants marched past a Catholic neighborhood, shielded by sizable contingents of British troops and local police, as townspeople watched the provocation in sullen contempt.

The inhabitants of Armagh responded in their own way at a peace rally on Sept. 3. Thousands of people of both faiths paid trib-

ute to British-ruled Palestine. The truth was, a week before his death, his father had communicated to Winston Churchill his support of a recommendation by a special cabinet committee favoring the establishment of a Jewish state in Palestine.

The son asked: "Would it be asking too much, Mr. Ambassador, for your interceding with the Ministry of Education to eliminate the untruth from the textbook?"

I called the foreign minister in Jerusalem to convey to him Lord Moyne's message. Yigal Allon, a former minister of education known for his efforts to foster Arab-Israeli understanding, was baffled. He had never seen or heard about the odious textbook entry. He directed me to inform Lord Moyne immediately that if the report was found to be correct, he personally would see to it that the offensive reference would be deleted.

I conveyed Mr. Allon's assurance to Lord Moyne, who thanked us profusely. "Nothing," he said, "is more endangering the future of all of us than to poison the minds and souls of our children."

The other day, small children, some of them toddlers, from the Jewish enclave in Hebron, went on a rampage in the Arab fruit and vegetable market, overturning stands and hurling invectives. They had been sent by their elders to retaliate for the murder of an elderly rabbi. Arab youths, indoctrinated "to hate the occupier," responded with a hail of stones.

Both sides are, as President Clinton said in Armagh, "trapped in the prison of their conflict." The Oslo accord was meant to breach the wall. Unfortunately, the peace train that left Oslo station amid high hopes five years ago got stalled on the track.

In Armagh, Mr. Clinton said, "Now, when I meet with Palestinians and Israelis I can say to them, 'Don't tell me that reconciliation is impossible. Look at Northern Ireland.'"

If Mr. Clinton pursues Mideast peace with the same vigor and persistence that he showed in the Irish imbroglio, a settlement is possible, provided leaders on both sides are willing to respond to the yearnings and needs of their peoples.

International Herald Tribune

## BOOKS

KING LEOPOLD'S GHOST  
A Story of Greed, Terror and Heroism in Colonial Africa

By Adam Hochschild. Illustrated. 366 pages. \$26. Houghton Mifflin.

Reviewed by Michiko Kakutani

JOSEPH CONRAD'S "Heart of Darkness" is frequently read as an allegorical or Freudian parable, while its murderous hero, Kurtz — the renegade white trader, who lives deep in the Congo jungle behind a fence adorned with shrunken heads — is regarded as a Nietzschean madman or avatar of colonial ambition run dangerously amok.

As Adam Hochschild's disturbing new book on the Belgian Congo makes clear, however, Kurtz was based on several historical figures, and the horror Conrad described was all too real. In fact, Hochschild suggests, "Heart of Darkness" stands as a remarkably "precise and detailed" portrait of King Leopold's Congo in 1890, just as one of history's most heinous acts of mass killing was getting under way.

Under the reign of terror instituted by King Leopold II of Belgium (who ran the Congo Free State as his personal fief from 1885 to 1908), the population of the Congo was reduced by half — as many as 8 million Africans (perhaps even 10 million, in Hochschild's opinion) lost their lives.

Some were beaten or whipped to death for failing to meet the rigid production quotas for ivory and rubber harvests, imposed by Leopold's agents. Some were worked to death as porters, rubber gatherers or miners. Some died of the diseases introduced to (and spread throughout) the Congo by Europeans. And still others died from the increasingly frequent famines that swept the Congo basin as Leopold's army rampaged through the countryside, appropriating food and crops for its own use while destroying villages and fields.

Although much of the material in "King Leopold's Ghost" is secondhand — the author has drawn heavily from Jules Marchal's scholarly four-volume history of turn-of-the-century Congo and from "The Scramble for Africa," Thomas Pakenham's wide-ranging 1991 study of the European conquest of the continent — Hochschild has stitched it together into a vivid, novelistic narrative that makes the reader acutely aware of the magnitude of the horror perpetrated by King Leopold and his minions.

It is a book that situates Leopold's crimes in a wider context of European and African history while at the same time underscoring the peculiarly modern nature of his efforts to exert "spin control" over his actions.

Leopold himself comes across as a cartoon-strip megalomaniac — a mad, greedy king obsessed since adolescence with the idea of running a colony of his own and intent throughout his career on covering his lust for money and real estate in honeyed talk of philanthropy and human rights.

As for Henry Morton Stanley, the world-famous explorer whom Leopold retained as his agent, he is depicted as a Dickensian hully and chronic liar who allowed his own monumental celebrity to be used by Leopold for the worst possible ends. He eventually persuaded hundreds of Congo basin chiefs to sign over their land and their rights to the king of the Belgians.

King Leopold then succeeded in winning diplomatic recognition of his own colony. Hochschild argues, by playing one great European power against another and by portraying his control of the Congo as a kind of benevolent protectorship that would bring a civilizing influence to the continent while thwarting the malign designs of Arab slave-traders eager to exploit the region. Leopold actually saw the Congo as a rich source of rubber, ivory and other natural resources that could fatten his coffers at home.

Those profits came at the price of terrible suffering by the Congolese people. Not only was their land summarily annexed — most of the chiefs who signed Stanley's "treaties" had no idea what they were signing — but they were also coerced into the arduous job of gathering rubber for Leopold's men. Those who refused or failed to meet their quotas were brutally whipped, tortured or shot, Hochschild reports; others saw their wives and children taken hostage by Leopold's soldiers.

As the "rubber terror" spread through the Congolese rain forest, Hochschild adds, entire villages were wiped out. Hundreds of dead bodies were dumped in rivers and lakes, while baskets of severed hands were routinely presented to white officers as evidence of how many people had been killed.

Hochschild writes about these horrifying events with tightly controlled anger, and he brings equal passion to his account of the small band of protesters who orchestrated resistance to Leopold's rule. Those protesters include Edmund Dene Morel, a British shipping-company employee, who brought the king's crimes to world attention; George Washington Williams, a black American journalist who chronicled the grisly conditions in the Congo in an open letter to King Leopold; and Roger Casement, an Irish member of the British consular service, who sent home a torrent of dispatches condemning specific atrocities and the entire way the colony was run.

The efforts of these men and others helped bring international pressure to bear on Leopold, and in 1908 he turned over the Congo — in effect, sold it — to the Belgian government.

With this book, Hochschild, like other historians before him, ensures that King Leopold has not gotten away with his efforts to erase the memory of his brutal acts.

New York Times Service

## BRIDGE

By Alan Truscott

**A**MID some confusion, Poland and the United States captured major titles at the world championships in Lille, France. In the Societe Generale Open Pairs, a little-known Polish pair, Michael Kwiczen and Jacek Pszczola, surged to victory. The American pair of David Berkowitz and Larry Cohen barely held on to second position.

The standings were: 1st, Kwiczen and Pszczola, 55.85 percent; 2d, Berkowitz and Cohen, 54.99; 3d, Magnus Lindkvist and Peter Fredin of Sweden, 54.97; 4th, Chris Compton and Ralph Katz of the United States, 54.93.

The confusion was an error in planning the movement of players. This caused several pairs to sit out some rounds of play, repeating a problem earlier in the final.

Jill Meyers and Shawn Quinn of the United States won the Louis Vuitton Women's Pairs. The standings were: 1st, Meyers and Quinn, 55.14 percent; 2d, Sabine Auken and Daniela von Arnim of Germany, 54.69; 3d, Veronique Bessis and Catherine d'Ovidio of France, 54.03; 4th, Sylvia Moss and Gail Greenberg of the United States, 54.01.

On the diagrammed deal, Meyers as South brought home a difficult game after an auction that featured some artificial bidding. The two-

club rebid required a two-diamond bid, and the jump to three hearts was a mild invitation to game, which was accepted.

An opening spade lead was won with the king, and the diamond seven was led. West won and persevered with a second spade, won with the ace.

South threw a diamond and led the club jack, covered with the queen and ace. A diamond was cashed, removing the heart ace was cashed, removing the jack.

A club was led, and East took the king and led a trump. South won, led to the club nine, and ruffed a spade. She then ruffed a diamond with the heart king, and led another spade. This allowed

her to score her heart ten en passant to make a game that usually failed.

**NORTH (2)**  
♠ A 8 4 3  
♥ A K 7 3  
♦ 6  
♣ 9 5 2

**WEST**  
♠ J 10 8 5 2  
♥ J  
♦ A Q J 10 9  
♣ 8 4

**SOUTH**  
♠ K  
♥ 10 8 5 2  
♦ K 7 4 2  
♣ A 10 8 7

Neither side was vulnerable. The bidding:

North: 1♣, 2♦, 3♥, 4♥, 5♥, 6♥, 7♥, 8♥, 9♥, 10♥, 11♥, 12♥, 13♥, 14♥, 15♥, 16♥, 17♥, 18♥, 19♥, 20♥, 21♥, 22♥, 23♥, 24♥, 25♥, 26♥, 27♥, 28♥, 29♥, 30♥, 31♥, 32♥, 33♥, 34♥, 35♥, 36♥, 37♥, 38♥, 39♥, 40♥, 41♥, 42♥, 43♥, 44♥, 45♥, 46♥, 47♥, 48♥, 49♥, 50♥, 51♥, 52♥, 53♥, 54♥, 55♥, 56♥, 57♥, 58♥, 59♥, 60♥, 61♥, 62♥, 63♥, 64♥, 65♥, 66♥, 67♥, 68♥, 69♥, 70♥, 71♥, 72♥, 73♥, 74♥, 75♥, 76♥, 77♥, 78♥, 79♥, 80♥, 81♥, 82♥, 83♥, 84♥, 85♥, 86♥, 87♥, 88♥, 89♥, 90♥, 91♥, 92♥, 93♥, 94♥, 95♥, 96♥, 97♥, 98♥, 99♥, 100♥.

West led the spade jack.



Photo taken at the Royal Windsor, Brussels

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LEISURE

# Dancing a Slow Tango in Milan

## It's an Indoor City, With Treats for the Eye and Ear

By John Tagliabue  
New York Times Service

**M**ILAN — Some Italian cities, like Naples or Palermo, have a hard time being sedate. Ask them to spin a pirotette or dance a tarantella, and they're in their element. But Milan is not a tarantella — it's a slow tango, a cool, understated place with a measured step, where excitement can mean strolling to the Galleria Vittorio Emanuele, the glassed-in Beaux Arts shopping concourse adjacent to the Duomo, to down a cappuccino or just to see and be seen.

But Milan tangoes a little faster in the fall, when the big trade fairs come to town, most notably the fall fashion shows. The spring and fall fashion weeks are certainly the busiest time of the year, with tens of thousands of anxious designers, willowy models, buyers, photographers and hangers-on descending on the city. Hotel rooms become such a rare commodity that visitors have been known to take accommodations in Switzerland, an hour's drive to the north. But if you book well enough in advance, it is also the most exciting time to be there. This year, the women's designer collections, for the fashion press, retailers and private clients, are being shown Oct. 2 to 10.

Milan is a spread-out city, and the best way to get an overview is on one of many bus tours or guided walks. Unlike Rome or Naples, where sunshine reigns much of the time, Milan can be damp and gray. So it is also an indoor city, whether that means lounging in one of the Galleria's cafés or visiting Leonardo's "Last Supper" in the former refectory of the convent of Santa Maria delle Grazie, or Michelangelo's tender Rondanini Pietà at the Museum of the Castello Sforzesco.

If the weather is nice, you might start by climbing to the roof of the vast Gothic Duomo, a sierra of finials and statues that you can hike across like an Alpine meadow, and that affords a close look at the Madonnina, the golden statue of the Virgin atop the central tower, and spectacular views of the city; on clear days the vistas stretch northward to the Alps.

**A** PLACE not to miss is the Ambrosiana Art Gallery and Library, 2 Piazza Pio XI, (39-02) 806921, which reopened last year after a seven-year restoration. The library, commissioned by Federico Cardinal Borromeo in 1607, contains 35,000 manuscripts and 700,000 printed books. The cardinal's personal art collection forms the core of the gallery: Milan's oldest museum. His good taste allows us to enjoy Raphael's cartoon for the School of Athens in the Vatican; Caravaggio's "Basket of Fruit"; paintings by Leonardo, Botticelli and Titian, and one of the world's finest collections of Lombard art.

To explore the heart of Milan, stand at the Duomo and walk through the Galleria La Scala, then up Via Dante to the Castello Sforzesco, and the spacious gardens behind. To visit the fashion district, start at the Piazza San Babila, then stroll narrow Via Monte

Napoleone and nearby Via Spiga, lined with the flagship store of many of Italy's leading designers.

A 1920s tourist tram leaves Piazza Castello at 11 A.M. and 1 P.M. daily (also 3 P.M. in September and October). From there, it passes the Duomo, goes out to the gradually gentrifying Navigli neighborhood of canals and narrow lanes — where some of Milan's liveliest night life can be found. It then goes on to Santa Maria delle Grazie, and back by the fashion district and La Scala.

The Navigli neighborhood borders two canals in the southwest corner of Milan. Once the port of Milan (the canals connected the city to the Po River) and a tough working-class district, it has become a trendy neighborhood, filled with antiques shops, bars and restaurants, some on barges.

The city's most important art collection, the Brera, 28 Via Brera, (39-02) 722631, includes such masterpieces as Raphael's "Marriage of the Virgin," Piero della Francesca's "Sacra Conversazione" and Caravaggio's "Supper at Emmaus."

And one of Milan's best-kept secrets is the 15th-century Church of Santa Maria presso San Satiro. The downtown church was built by Bramante next to a ninth-century basilica. Of particular note is the baptistry — marvelous in its Renaissance harmony — and the trompe l'oeil apse, designed that way by Bramante because he had no more room.

**WHAT'S GOING ON** No musical event in Italy commands as much attention — and reverence — as the opening of the opera season at La Scala, which traditionally takes place Dec. 7, the feast of St. Ambrose, Milan's patron saint. Yet the pre-season offerings at La Scala are also impressive, with ballets, operas, symphonies and chamber music most nights during the fall. The ballet corps closes its summer season with Kenneth MacMillan's "L'Histoire de Manon," which will be performed on Oct. 1 to 3, 6 and 7, with Alessandra Ferri, La Scala's prima ballerina.

The 1997-98 opera season closes with Donizetti's "Elisir d'Amore," with Mariella Devia, Vincenzo La Scala and Paul Groves. Performances on Oct. 15, 17, 19, 21, 23, 26, 27, 29, 31 and Nov. 6 and 8. La Scala's box office is at 2 Via Filodrammatici and tickets cost from \$17.50 to \$156.

La Scala overshadows other musical pleasures in Milan — a shame, for there are gems to be found. The Orchestra Verdi dazzles with a varied repertory at the Lirico Theater, with concerts on Thursday and Friday at 8:30 P.M. and Sunday at 4 P.M. Daniele Gatti conducts Beethoven and Prokofiev Sept. 24, 25 and 27. Riccardo Chailly presents Verdi and Berlioz on Oct. 8, 9 and 11. Tickets \$23 to \$29.

The Palazzo Reale plays host to "The Soul and Countenance," chronicling portraiture by painters from Leonardo to Francis Bacon, Oct. 30 to March 14. The palazzo, 12 Piazza Duomo, (39-02) 62083868, is open Tuesday to Sunday. Tickets \$6.50.

An extensive Man Ray retrospective at the Fondazione Mazzotta runs through Jan.

24, at 50 Foro Bonaparte, (39-02) 878197. Open Tuesday to Sunday from 10 A.M. to 7:30 P.M. (10:30 P.M. Tuesday and Thursday). \$7.

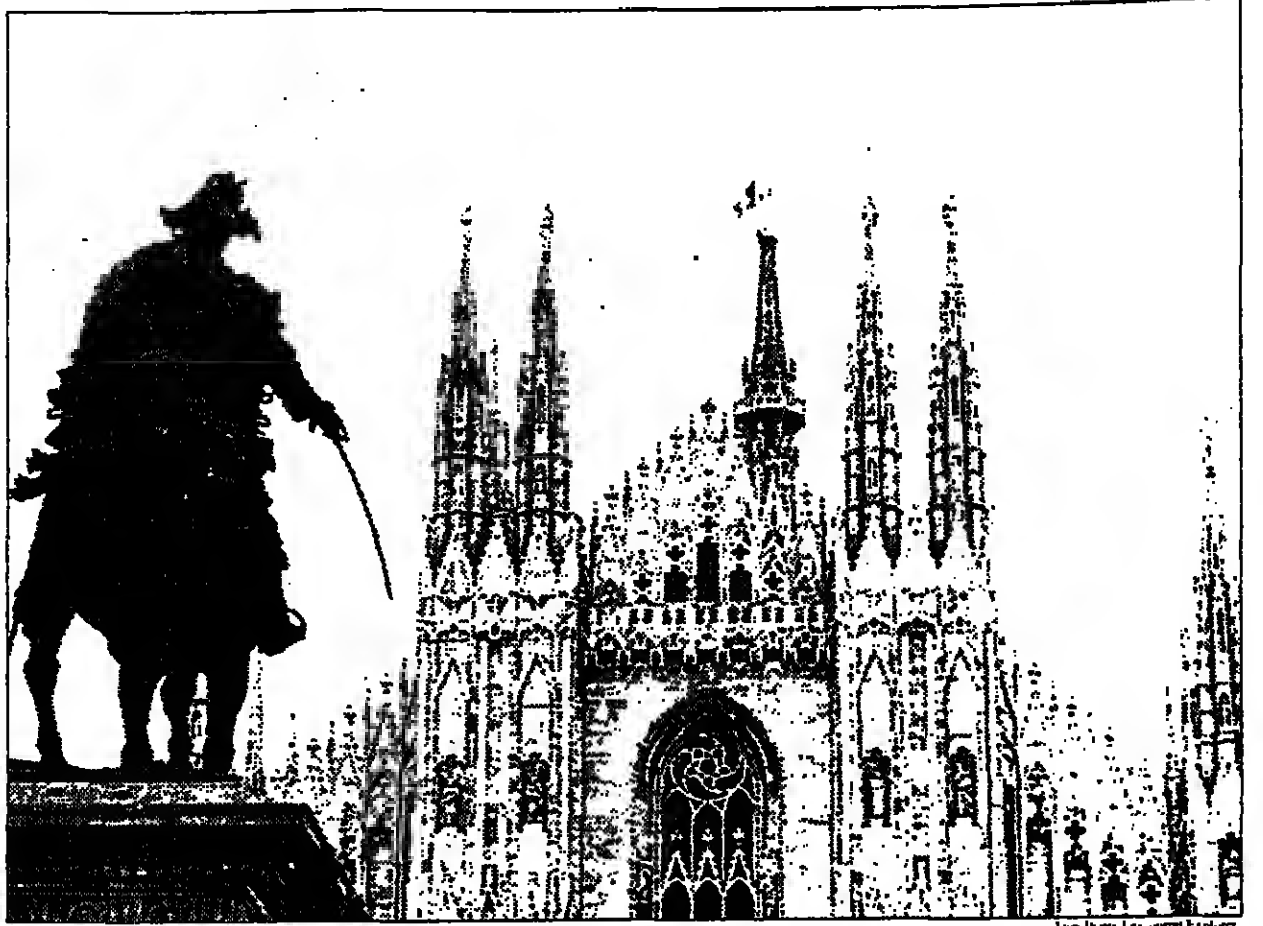
**WHERE TO EAT** Turn-of-the-century decor and exceptional wines are two reasons to go to the Caffè della Pusterla, 24 Via De Amicis, near the basilica of Sant' Ambrogio. The food is simple — salads, sandwiches, light entrees, and the wines tend to be Tuscan, since the owners have a farm near Montalcino. A meal for two with wine is \$46.50. (39-02) 89402146. Closed Sunday.

Some of Milan's freshest fish is found at the Ristorante Mercato del Pesce, 54 Via Cesare Lombroso, near the wholesale fish market. Despite a kitschy decor, it is worth the cab ride to the edge of town. The fixed menu offers substantial appetizers, spaghetti alla pescatora or risotto alla marinara, and a grilled-fish platter for \$32 a person, with-

out drinks. A la carte meals will bring the bill to about \$100 for two. Reservations are preferred. (39-02) 55195540. Closed Monday.

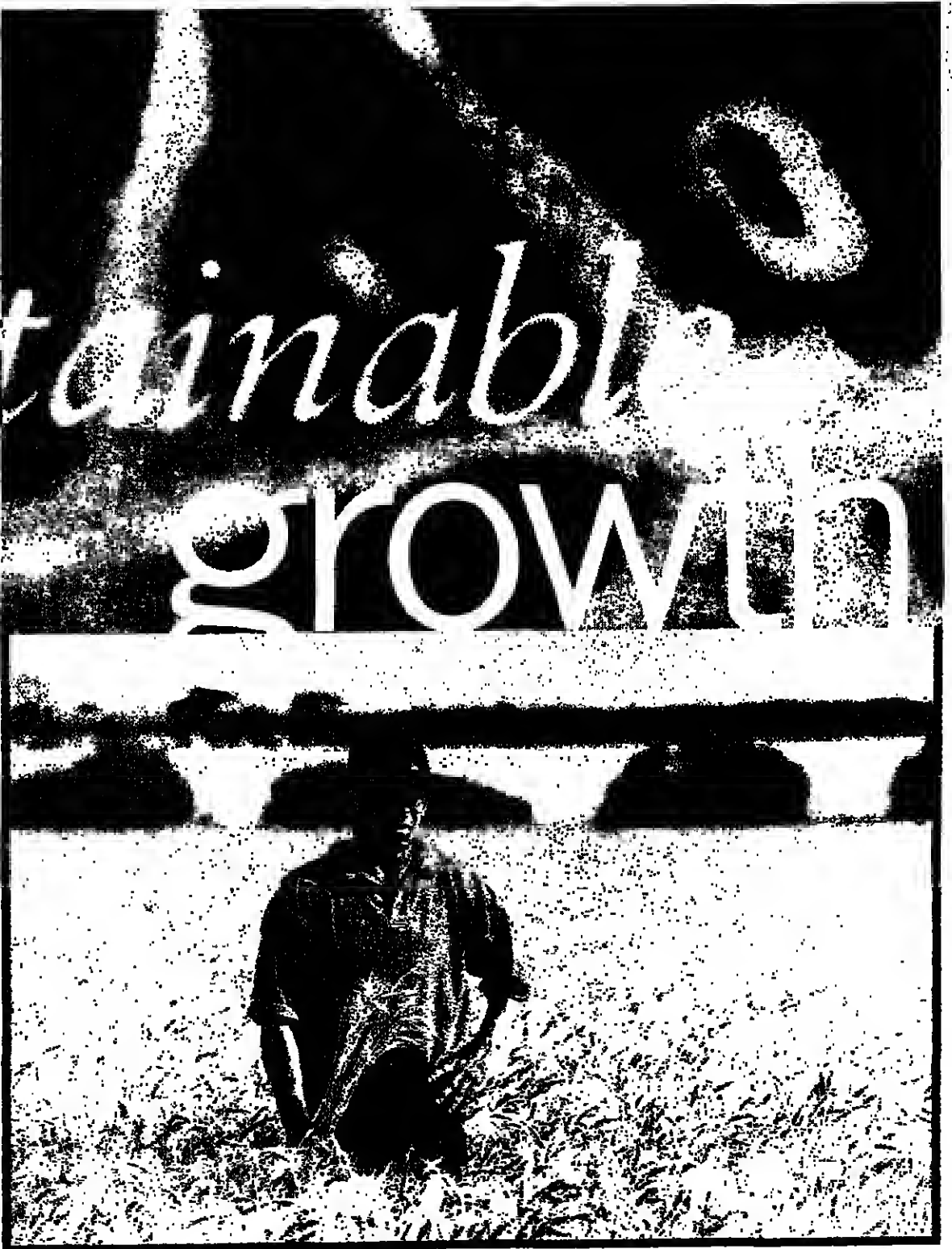
The Osteria dei Binari, 1 Via Tortona, is in the Navigli district, the hub of Milanese night life. The Osteria, in the style of an old Milanese inn, with heavy wooden chairs and tables and iron lamps, and a large garden, exudes atmosphere and offers traditional fare of Lombardy, Milan's region. The fixed price menu is \$34.75, without drinks. Reservations suggested. (39-02) 89409428. Closed Sunday.

Ristorante Peck, across from the specialty foods shop of the same name, is stylish and intimate. A wide-ranging menu includes all the Milanese classics, from risotto alla Milanese, with saffron, to osso buco and cotoletta alla Milanese. Dinner for two starts at \$135 with a nice bottle of wine. 4 Via Victor Hugo, (39-02) 876774. It is closed Sunday.



The visitor can climb to the roof of the vast Gothic Duomo and get a close look at the golden statue of the Virgin.

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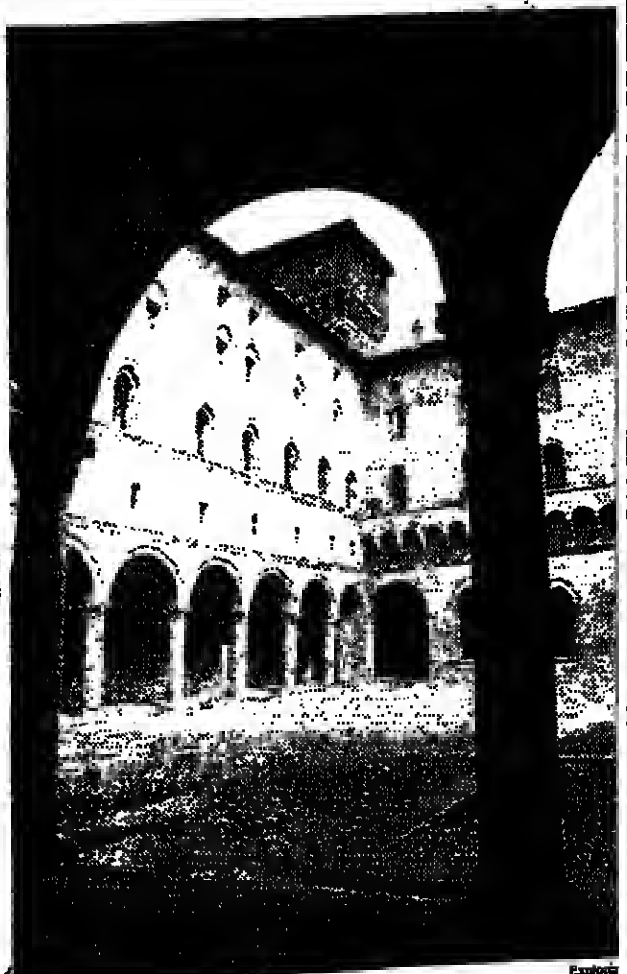
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Castello Sforzesco houses a Michelangelo Pietà.

around







INTERNATIONAL

# EU Offers Experts to Russia, but No Cash Now

By Barry James  
International Herald Tribune

BRUSSELS — A high-level delegation from the European Union met Thursday for the first time with members of the new Russian government, proposing to send banking and financial experts to help Moscow stem its economic meltdown, but without offering additional infusions of cash.

EU sources said the talks with Prime Minister Yevgeni Primakov and other Russian leaders would be aimed at refining and refocusing the European Union's 1994 political cooperation agreement with Russia, which provides for wide-ranging technical cooperation.

Hans van den Broek, the European commissioner in charge of relations with Russia, appealed for the new government to appoint a minister to coordinate the political cooperation agreement.

The EU maintains it could become an effective means of helping Moscow overcome the crisis.

EU officials said that sending more cash before Russia carries out essential reforms in its banking, tax collection and financial systems would not solve the problems.

"Why not send top people from German or

Austrian or other European banking circles for a certain period of time, who can show the Russians how to organize banks?" said Foreign Minister Wolfgang Schuessel of Austria, who headed the EU delegation.

Austria holds the revolving presidency of the EU.

Also in the delegation were Klaus Kinkel, the German foreign minister, Joyce Quin, minister of state in the British Foreign Office, and Mr. Van den Broek.

"We want to find out how things go in Russia," Mr. Kinkel said. "We want to hear it from the prime minister himself."

He added that reforms could not be imposed from outside but would have to come from the Russians themselves.

Officials in Brussels said the EU did not want to be seen as supporting the Russian bureaucracy or giving the impression that it was helping Moscow regain its old "sphere of influence."

The bulk of EU financial aid to Russia is channeled through the International Monetary Fund and other international organizations.

But since 1991, the EU has sent almost 2 billion European currency units (\$2.3 billion currently) to

Russia under a program called TACIS, which is designed to help Eastern countries that are not candidates for EU membership.

Much of that aid has been applied to ensuring nuclear safety in Russia, including a program that has provided training and job opportunities for about 20,000 nuclear scientists and engineers.

Officials at the European Commission, the EU's executive body, are studying ways to refocus aid under the TACIS program to help solve the economic crisis.

For example, despite what the commission president, Jacques Santer, called "a great inertia" on the Russian side, Europe is helping Moscow establish a program to combat customs fraud, which costs the Treasury an estimated \$6 billion a year.

Mr. Santer told the European Parliament in Strasbourg that the EU stood ready to mobilize experts on public finances, fiscal reform and debt control to help the new administration.

In addition, it would finance a program to enable 2,000 Russian businessmen and women to work in European companies next year.

Following up on the visit by the foreign affairs officials, the finance minister of Austria, Rudolf Eisinger, is scheduled to go to Moscow next



Joyce Quin, British minister of state, and Foreign Minister Wolfgang Schuessel of Austria meeting with Mr. Primakov on Thursday.

week for more detailed talks on the economy. The Austrian government said Thursday that plans were going ahead for President Boris Yeltsin to visit Vienna on Oct. 27 for talks with Chancellor Viktor Klima, Mr. Santer and other EU leaders.

BRIEFLY

## West Bank Student Dies in Shooting

RAMALLAH, West Bank — Jewish settlers opened fire on a group of Palestinian students near a school Thursday, and one of the youngsters died of wounds in a hospital, witnesses and doctors reported.

Israel Army Radio quoted an unidentified Israeli security official as saying that the settlers had shot at stone-throwers.

"There were about 10 of us returning from school," according to a student, Hussein Iyad. As he described the incident, some settlers drove up. "There were three of them," he said, "and two opened fire, wounding four people. There was no stone-throwing." (Reuters)

## Protests in Lesotho Shut Down Capital

JOHANNESBURG — Demonstrators in the kingdom of Lesotho closed down government offices and businesses Thursday to protest election results while a week-old mutiny by junior army officers continued to seethe.

Armed soldiers looked on but did not intervene as demonstrators surrounded government offices and many businesses. (AP)

## Ivory Coast Battles Rioters in Capital

ABIDJAN, Ivory Coast — Riot police and paramilitary commands lobbed tear gas and assaulted protesters and commuters Thursday in a display of force amid growing unrest following the killing of a taxi driver by the police.

Detachments of officers at roadblocks throughout the western suburbs of Abidjan, the commercial capital of Ivory Coast, dragged civilians — mainly taxi and minibus drivers — out of their vehicles to kick and beat them with whips, gun butts and truncheons. (AP)

## Colombia Dumps Liquor Into Sewers

BOGOTA — Colombian authorities have dumped 60,000 bottles of bootleg liquor into sewers as part of President Andres Pastrana's campaign to crack down on a booming trade in contraband goods.

The National Tax and Customs Department said the contraband alcohol included sparkling wine, whiskey, vodka, tequila and wine. (Reuters)

## RUSSIA: Yeltsin Hits a Snag on Cabinet

Continued from Page 1

"I have strong nerves and will not resign," he said.

If he does go, it will be viewed by many as an indication that the new government is moving further from Western-style economic policies that encourage competition and fiscal restraint and toward Communist tenets such as state control of industry.

On the financial front, the deputy head of the central bank said Thursday that the bank intended to bail out many of the nation's bankrupt financial institutions by buying back their multibillion-ruble portfolios of government bonds and treasury bills.

The government temporarily froze \$40 billion worth of bonds when the fiscal crisis erupted last month because it lacked the money to pay investors who held them.

The government had originally pledged to end the freeze and resume redemptions of the bonds.

But Mr. Shokhin said the government should instead begin negotiations with bondholders over a longer-term schedule to repay investors.

A decision to repay banks immediately would give them preferential treatment over other bondholders inside and outside Russia.

Asked by the Reuters news service how the nearly broke government would find the money to pay off the banks, the deputy, Andrei Kozlov, replied: "Emissions, of course, emissions." "Emissions" is a euphemism for printing money.

In the minds of most Western experts, Russia's banks have in large part been woefully mismanaged, acting more like investment banks than the checking-and-savings institutions Russians need.

The central bank statement was not the only suggestion made on Thursday that Russia's government is about to

embark on a serious spending program.

Mr. Yeltsin told his defense advisers to prepare to pay soldiers and other military personnel half of the 16 billion rubles they are owed, or about \$500 million at the day's exchange rate.

[In Washington, Mr. Summers told Congress that Russia had gone through a series of setbacks in August that made it exceptionally difficult for international authorities to decide how to help it, Reuters reported.

[He said steps Russia had taken so far to devalue and restructure its debt were "drastic measures" that needed explaining to its foreign creditors.

[Mr. Summers said that it was "difficult to exaggerate the uncertainties" in trying to shape an international effort to help Russia regain financial stability, because it was unclear the direction that Russian authorities were taking themselves to deal with it.

[He added that Russian economic policy "collapsed" in August when it adopted the "enormously risky course" of simultaneously devaluing the ruble, imposing a moratorium on debt repayment and restructuring bonds.]

The flip side of the concerns is that failure to spend money on such pressing demands as back pay for soldiers will only increase prospects for disorder.

One of the major reasons Russians have diminishing confidence in their government is that it has failed to provide basic services such as pensions, welfare and wages to state employees.

At least some of those payments have gone by the wayside because Mr. Yeltsin's last two governments have refused to print extra money.

The Communist Party is organizing what it promises will be a peaceful mass protest against the Yeltsin government for Oct. 7. But its leaders have said they cannot keep a lid on anger if the government does not begin to respond to citizens' demands.

## TRADE: U.S. Faces Asian Wall

Continued from Page 1

The deterioration in July reflected a big jump in the U.S. deficit with Pacific Rim countries.

David Aaron, U.S. under-secretary of commerce for international trade, said Thursday that Asia's crisis had increased the risk of U.S. protectionist measures. Speaking in Bangkok near the end of a two-week export-promotion trip to four Southeast Asian nations, he said markets had to be kept open for countries to recover from the crisis.

"At any time of difficulty there are temptations to protectionism that are as great in my country as in others," Mr. Aaron said.

The collapse of the talks in Seoul raised the possibility of trade sanctions if South Korea does not change its stance by Oct. 19. Under the United States' so-called Super 301 provision, Washington can impose sanctions on nations

deemed to have put up trade barriers to U.S. goods.

Mary Latimer, who heads the team as Korea director for the Office of the U.S. Trade Representative, declined to comment, but representatives of American motor-vehicle companies said that market access had tightened in the year since the talks began.

"There are basically no imports here," said Wayne Chumley, president of Chrysler Korea Sales Co. Chrysler in the first eight months of this year led foreign car companies, selling 467 vehicles in South Korea, compared with 1,650 vehicles sold last year.

Ford Motor Co. sold 401 cars in the first eight months, and General Motors Corp. sold none, according to the Korea Automobile Importers and Distributors Association.

South Korean officials indicated they were not sympathetic to U.S. complaints in a period when sales of South



David Aaron, left, meeting on Thursday in Bangkok with Paitoon Kaewthong, a Thai commerce official.

Korean cars on the domestic market have plummeted by 50 percent from last year, and sales abroad are crumbling because of a lack of funds for parts and materials.

Kim Ho Shik, deputy finance minister, said Seoul had no intention of honoring a request to lower its tariffs on vehicle imports to 4 percent from 8 percent. He said 8 percent was "already low," compared with tariffs of 10 to 12 percent levied by European countries.

Thomas Crampton contributed to this report from Bangkok.

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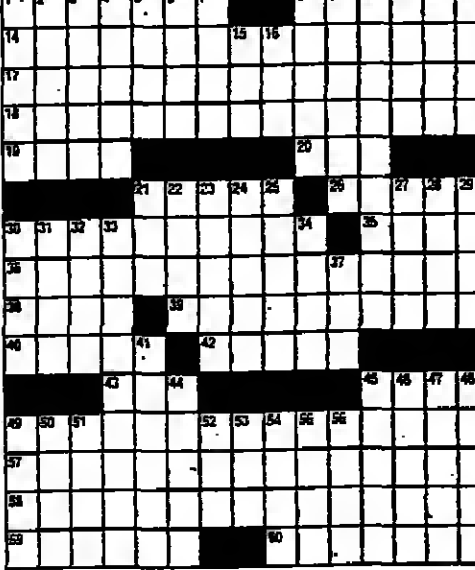
## CROSSWORD

### ACROSS

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- 49 20's suppliers
- 50 Big name in computers
- 51 — the combat
- 52 Half a score
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- 56 Traffic



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**Solution to Puzzle of Sept. 17**

BALM	PLEA	AZOV
OLIO	HENDA	OEKE
LAMS	ISUAL	SNAG
OREAD	LOGRES	OPA
LIARD	TOONT	PIPPIN
UNICET	RAHRAH	
ROK	AMAT	EROOE
AYARAKY	ONIBUS	
ATKROB	RENA	IST
LIVARD	ROTATE	
OUTLAW	CLIVE	
ZOE	MOORET	OCOME
ANTE	NOUBI	KHAN
RIGS	EPSON	ENJO
KAOS	STIVE	ONS

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**Herbal Drugs Under Scrutiny**

Washington Post Service

WASHINGTON — Herbal medicines range from potent pharmaceuticals to useless — and sometimes hazardous — substances, although it is often hard to determine which category a given preparation falls into.

Those are among the conclusions reached by several groups of clinical investigators, who report their experience with herbal medicines the current issue of the New England Journal of Medicine.

The journal carries two articles and three letters that sketch the problems and promise — but mostly the problems — of herbal therapy.

The reports are accompanied by an editorial calling for rigorous oversight of herbal medicines, which can be sold in the United States without a prescription if they are labeled "dietary supplements."

Like virtually all forms of "alternative" or "complementary" medicine, medicinal herbs are becoming more popular in the United States.



NASDAQ

**Thursday's 4 P.M.**  
The 1,000 most traded National Market securities in terms of dollar value, updated twice a year. The Associated Press.

Symbol	Price	Change	Volume	High	Low	Open	Close
AA	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AB	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AC	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AD	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AE	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AF	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AG	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AH	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AI	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AJ	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
AK	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AL	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AM	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AN	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AO	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AP	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AQ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AR	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AS	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
AT	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AU	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AV	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AW	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AX	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AY	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AZ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BA	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BB	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
BC	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BD	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BE	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BF	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BG	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BH	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BI	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BJ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BK	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
BL	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BM	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BN	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BO	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BP	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BQ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BR	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BS	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BT	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
BU	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BV	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BW	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BX	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BY	10.12	0.00	1,000	10.12	10.12	10.12	10.12
BZ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
CA	10.12	0.00	1,000	10.12	10.12	10.12	10.12
CB	10.12	0.00	1,000	10.12	10.12	10.12	10.12
CC	10.12	0.00	1,000	10.12	10.12	10.12	10.12

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Thursday's 4 P.M. Close

The 2,000 most traded stocks of the day. Nationwide prices not reflecting late trades elsewhere. The Associated Press.

Symbol	Price	Change	Volume	High	Low	Open	Close
AA	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AB	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AC	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AD	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AE	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AF	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AG	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AH	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AI	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AJ	10.12	0.00	1,000	10.12	10.12	10.12	10.12

NYSE

Symbol	Price	Change	Volume	High	Low	Open	Close
AA	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AB	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AC	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AD	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AE	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AF	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AG	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AH	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AI	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AJ	10.12	0.00	1,000	10.12	10.12	10.12	10.12

Symbol	Price	Change	Volume	High	Low	Open	Close
AK	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AL	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AM	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AN	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AO	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AP	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AQ	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AR	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AS	10.12	0.00	1,000	10.12	10.12	10.12	10.12
AT	10.12	0.00	1,000	10.12	10.12	10.12	10.12

# Greenspan

By Philip Nichols  
The Federal Reserve Bank's Chairman, Alan Greenspan, has been a central figure in the economic landscape of the United States for decades. His tenure has been marked by significant challenges, including the Asian financial crisis and the dot-com bubble. Greenspan's leadership has been characterized by a cautious approach to monetary policy, aiming to maintain low inflation and stable economic growth. His actions have shaped the financial markets and the lives of millions of Americans.

# Bloom in Hong

By Philip Nichols  
The Hong Kong stock market has experienced a period of significant volatility, with a recent surge in activity. Investors are optimistic about the future of the Hong Kong economy, particularly in the technology and financial sectors. The market's performance has been a reflection of the global economic trends and the local business environment. Analysts predict continued growth, though with some uncertainty due to international factors.

# Linking Ahead / Comm

# Hold the Obitua

By Reginald...  
The obituary section of the newspaper provides a record of the lives of those who have passed away. It is a place where families and friends can find closure and remember the deceased. The obituaries often highlight the achievements and contributions of the individuals, as well as their family members. This section is an important part of the community's collective memory.

# CURRENCY

Currency	Rate	Change
US Dollar	1.00	0.00
British Pound	0.65	0.01
Japanese Yen	110.00	0.50
Swiss Franc	1.50	0.02
German Mark	1.66	0.01
French Franc	6.55	0.00
Italian Lira	2036.27	0.00
Spanish Peseta	166.64	0.00
Portuguese Escudo	200.48	0.00
Belgian Franc	20.36	0.00
Dutch Guilder	3.76	0.00
Austrian Schilling	13.76	0.00
Swedish Krona	4.76	0.00
Norwegian Krone	4.76	0.00
Denmark Krone	6.46	0.00
Finland Markka	5.94	0.00
Polish Zloty	4.00	0.00
Czech Koruna	16.60	0.00
Slovak Koruna	16.60	0.00
Slovenian Tolar	236.56	0.00
Croatian Kuna	23.76	0.00
Serbian Dinar	106.36	0.00
Bosnian Dinar	106.36	0.00
Yugoslavian Dinar	106.36	0.00
Russian Ruble	6.49	0.00
Ukrainian Hryvnia	1.96	0.00
Belarusian Ruble	1.96	0.00
Latvian Lats	1.36	0.00
Lithuanian Litas	1.36	0.00
Estonian Kroon	1.36	0.00
Maltese Lira	366.36	0.00
Cypriot Pound	3.36	0.00
Maltese Lira	366.36	0.00
Cypriot Pound	3.36	0.00



**By Alan Friedman**  
*International Herald Tribune*

Michael Hartnett, a senior international economist at Merrill Lynch & Co. in New York, said Thursday that "Mr. Greenspan was right to

Several senior U.S. and European officials dismissed the idea of a whirling dervish of deflation boring down on the developed world. "Even if global growth stays in the 2 percent

Mr. Schmieding, while declining to comment on the apparent contradiction inside Merrill Lynch, said that what the West is experiencing

"I think what he was saying in Greenspanese was that he thinks the world economy is

Such a banking crisis in the West, he said, would occur only "if something nasty happens in the Japanese banking system that causes problems in the West, and I am not expecting that."

**By Philip Segal**  
*International Herald Tribune*

Private economists agree. The unemployment rate will

Part of Hong Kong's troubles can be attributed to rapidly contracting demand and plunging currencies in the rest

Mr. Wong drew some hope from the 26.5 percent increase in July tourist arrivals compared with July of last year, although the base 1980 was extremely low. Hong Kong was to China on July 1, and suffered an immediate drop in tourism.



"The service industries are going to continue to face difficulties," said Kim Sun Bae, Northeast Asia economist at Goldman, Sachs & Co. "You're unlikely to see a pickup in tourism, given how pretty much the whole region is under recessionary pressures." Slowing demand in

**See SLUMP, Page 16**

## Telephone Giant Sends Shock Waves Around World

The profit warning, just as Alcatel was beginning to benefit from a three-year reorganization, stunned investors. It underscored concern that Alcatel, together with rivals such

"Investors have been buying these stocks for fast growth, and they are trading at a big premium," a London-based analyst said. "That means they are extra susceptible to any

Tenbrink said Thursday he was still looking to acquire start-up companies or new technologies, rather than branching out on bigger targets. *(Bloomberg, Reuters)*

## *Hold the Obituary; Capitalism Is Alive and Well*

To claim globalization caused the current crisis makes about as much sense as it would have done in blame

But these examples show only that the countries concerned are having difficulty introducing free-market policies or that the prescribed policy mix may be wrong.

The probably correct lesson many are drawing is that capital markets should not be opened too quickly in countries lacking strong domestic financial institutions and regulatory

No other system yet devised does a better job of allocating economic resources than free market capitalism.

**E-mail address:**  
**thinkahead@washpost.com**

Cross Rates										Sept. 14	
	\$	DM	P.F.	Sw	B.F.	B.F.	S.P.	Yen	Cs	Pounds	
American	1.0000	1.9367	1.0277	0.303	0.1140	1.4646	1.201	140.2	124.0	1.3775	
British	2.601	58.51	60.32	2.625	18.225	1.0000	25.13	340.2	28.9	242.93	
Canadian	1.0000	1.491	1.0000	0.292	0.1072	1.0000	1.491	149.1	127.1	1.3775	
France	1.667	3.487	1.667	0.603	0.2137	1.667	3.487	348.7	293.0	242.93	
Germany	1.0000	2.478	1.0000	0.376	0.136	1.0000	2.478	247.8	206.5	172.7	
Italy	1.0000	20.116	9.035	2.598	0.926	1.0000	20.116	2011.6	1677.5	1408.5	
Japan	1.0000	166.39	98.10	2.499	0.936	1.0000	166.39	1663.9	1373.2	1142.0	
Netherlands	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
New York (D)	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
Portugal	1.0000	20.116	9.035	2.598	0.926	1.0000	20.116	2011.6	1677.5	1408.5	
Spain	1.0000	166.39	98.10	2.499	0.936	1.0000	166.39	1663.9	1373.2	1142.0	
Sweden	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
Switzerland	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
Taiwan	1.0000	166.39	98.10	2.499	0.936	1.0000	166.39	1663.9	1373.2	1142.0	
Thailand	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
U.S.A.	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
U.K.	1.0000	1.4836	1.495	0.408	0.149	1.0000	1.4836	148.36	123.9	106.8	
Yen	1.0000	166.39	98.10	2.499	0.936	1.0000	166.39	1663.9	1373.2	1142.0	

\* To buy one pound: To buy one dollar: \*Units of 100: 100 not quoted: N.A. not available.

Closures in Amsterdam, London, Milan, Paris and Zurich, futures in all markets, not available.

LIBID-LIBOR RATES					S&P 100	
	Dollar	3-Mark	Swiss	French	Yen	ECU
1-month	3/8-5/8	3/8-3/4	1/4-1/2	7/8-7/8	3/8-3/4	4 1/2-4 3/4
3-month	5/8-5/4	3/4-3/4	1/4-1/2	7/8-7/8	3/8-3/4	4-4 1/2
6-month	5/8-5/4	3/4-3/4	1/4-1/2	7/8-7/8	3/8-3/4	3 3/4-3 3/4
1-year	5/8-5/4	3/4-3/4	1/4-1/2	7/8-7/8	3/8-3/4	3 3/4-3 3/4

Sources: Reuters, Lloyd's Bank.  
 Rates applicable to interbank deposits of \$1 million (minimum for equivalent).

### Key Money Rates

Matured Dates	Today	Prev	5/11/81
Discount rate	5.00	5.00	Bank base rate
Prime rate	8 1/4	8 1/4	Call money
Federal funds	5.0%	5.0%	3-month interbank
90-day CDs (incl)	5.42	5.43	6-month interbank
90-day CP (incl)	5.21	5.22	18-year GSE
91L 90-day 91A	5.02	5.02	

	Price	Yield	Prev	Prices	Yields
3-month T-bill	145	4.67	4.72	Information rate	3.30
1-year T-bill	146	4.75	4.84	Call money	3 3/4
2-year T-bill	147	4.74	4.84	3-month interbank	3 3/4
5-year T-note	100.25	4.59	4.63	6-month interbank	3 3/4
7-year T-note	110.40	4.74	4.87	9-month interbank	3 3/4
10-year T-note	106.15	4.87	4.87	18-month interbank	4.09
30-year T-bond	120.25	5.18	5.32	18-year OAT	

	Close	Prev
Discount rate	0.50	0.50
Call money	0.34	0.34
3-month interbank	0.66	0.66
6-month interbank	0.66	0.66

Sources: Reuters, Bloomberg Market  
 Lynch, Rock of Tokyo-Mitsubishi  
 Commodity, Credit Lyonnais

### Gold

	A.M.	P.M.
Gold	320.00	320.00

**CHICAGO**—Three former Archer Daniels Midland Co. executives, including the son of Chairman Dwayne Andreas, were found guilty Thursday of conspiring to fix the price of lysine, an animal-feed additive.

After seven weeks of taped evidence and testimony, jurors in U.S. District Court in Chicago concluded that Michael Andreas, who was on paid leave from his position of ADM vice chairman; Terrence Wilson, a former head of ADM's corn-processing division, and Mark Whitacre, a former division head and FBI informant, had violated federal law.

The verdict is the culmination of a three-year secret





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## THE AMERICAS

## U.S. Banks Loosen Up on Business Loans

By Kathleen Day  
Washington Post Service

WASHINGTON — U.S. banks are lowering their commercial lending standards to help their competitive positions, despite a growing risk that business borrowers will default on loans, a survey shows.

The trend is causing concern that American banks will be hit by a wave of bad domestic loans over the next 18 months similar to those they faced in the early 1990s, when real estate developers forced banks to renegotiate billions of dollars in loans or face defaults.

The survey, by the U.S. Office of the Comptroller of the Currency, shows that the banks are lowering credit standards on domestic business loans even as economic worries in the developing world and a rise in U.S. personal bankruptcies have led bankers to tighten lending

to other countries as well as to American consumers.

"Projecting risk over the next 12 months, credit risk is expected to further increase in all commercial portfolios," the report says. "Banks are leaving themselves with fewer options to control the risks associated with commercial lending should the economy falter."

Banking analysts said they were confident that regulators and bankers had learned a lesson eight years ago and would not let lending practices — or loans — deteriorate to the levels of 1990 and 1991.

They noted that regulators now had legal authority to move in sooner than they did then to correct problems at banks before they became severe and that the cash cushion that U.S. law requires banks to keep on hand to absorb losses is much larger than it was a decade ago.

But the analysts said they expected the lowering of credit standards to continue as banks competed for fewer and fewer good customers. Lower credit standards would probably lead to an increase in problem loans, especially if there is a recession, and that could hurt banks' earnings in the months ahead, they said.

The findings come as Congress prepares to vote on legislation that would revamp 65-year-old U.S. banking and securities laws. If passed, the measures would greatly speed deregulation of the industry, a process that has proceeded slowly but steadily over the past 15 years as banks, securities firms and insurers have been allowed to enter into one another's businesses.

The survey also follows several weeks of reports from many of the largest U.S. banks that they will suffer higher-than-expected losses this

year from economic turmoil in other countries. Banking analysts say these losses could be recouped relatively easily if markets rebounded but that an increase in problem loans would take much longer to fix. Loans, particularly commercial loans, often make up the bulk of a bank's assets.

Lower lending standards are typical at the end of business cycles, said Pam Martin, spokeswoman for RMA, an organization that monitors credit risk.

"Examiners at 69 percent of the surveyed banks — compared with 59 percent in 1997 — report eased underwriting standards for one or more types of commercial loans," the report said.

The comptroller's office also found that "banks are continuing to tighten their lending standards for most retail loans" but that "home equity products, where eased standards prevailed, are an exception."

## Dollar Slips As Stock Fall Bolsters Yen

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell against the yen Thursday as stock markets around the world tumbled.

Dealers said investors were increasingly worried that the stock market turmoil in Latin America in particular could cause significant damage to the U.S. economy.

Waning speculation that the Group of Seven leading industrial nations would soon act to shore up

## FOREIGN EXCHANGE

Latin American currencies sent the region's stock markets tumbling.

The United States does 18 percent of its trade with Latin America, so the region's economic health has a big influence on U.S. growth prospects.

"If the Latin American economy goes, the U.S. will feel the pinch first," said Michael Scarlato, a currency strategist at Bankers Trust New York.

"It doesn't look as if the G-7 is as close to a solution on the turmoil affecting markets as people thought," he added.

The dollar fell to 132.13 yen in 4 P.M. trading from 135.20 yen at the end of trading Wednesday.

The Japanese stock market sank to its lowest level in 12 years Wednesday, and dealers said speculation had increased that Japanese institutions might have to repatriate funds invested abroad to cover losses.

Meanwhile, some U.S. hedge funds were on the sidelines, but they continued to actively sell the dollar," said Jeff Yu, senior trader at Sunwa Bank in New York.

But the dollar rose against the Deutsche mark as traders sold marks for yen. Such trades often go through the dollar, with traders selling marks to buy dollars, then selling those dollars to buy yen.

The dollar rose to 1.6965 DM 1.6939 DM the day before and to 5.6888 French francs from 5.6805 francs but fell to 1.3915 Swiss francs from 1.3932 francs. The pound rose to \$1.6813 from \$1.6785.

Traders said the dollar received a little support Wednesday from a report that the U.S. trade deficit rose to \$13.9 billion in July, less than many analysts had expected. The June deficit was revised to \$13.6 billion from \$14.2 billion.

(Bridge News, Bloomberg)

## Investor's America

The Dow		30-Year T-Bond Yield	
9000	5.00	5.00	
8000	5.00	5.00	
7000	5.00	5.00	
6000	5.00	5.00	
5000	5.00	5.00	
4000	5.00	5.00	
3000	5.00	5.00	
2000	5.00	5.00	
1000	5.00	5.00	
0	5.00	5.00	
Dollar in Deutsche marks		Dollar in Yen	
1.60	144	1.60	144
1.50	144	1.50	144
1.40	144	1.40	144
1.30	144	1.30	144
1.20	144	1.20	144
1.10	144	1.10	144
1.00	144	1.00	144
0.90	144	0.90	144
0.80	144	0.80	144
0.70	144	0.70	144
0.60	144	0.60	144
0.50	144	0.50	144
0.40	144	0.40	144
0.30	144	0.30	144
0.20	144	0.20	144
0.10	144	0.10	144
0.00	144	0.00	144
A M J J A S		A M J J A S	
1998		1998	
Exchange	Index	Thursday	Prev.
U.S.	The Dow	7873.77	8088.78
U.S.	S&P 500	1016.86	1045.48
U.S.	S&P 100	494.35	507.98
U.S.	NYSE Composite	506.35	518.05
U.S.	Nasdaq Composite	1846.24	1889.81
U.S.	AMEX Composite	621.25	629.13
Toronto	TSE Index	5725.10	5808.30
Sao Paulo	Bovespa	6432.40	6790.07
Mexico City	Bolsa	3395.48	3414.68
Buenos Aires	Merval	360.76	368.60
Santiago	IPSA General	3656.82	3677.53
Caracas	Capital General	2921.51	2940.47

Source: Bloomberg, Reuters

International Herald Tribune

Very briefly:

- Coca-Cola Co.'s proposed \$850 million buyout of Orangina, a division of Pernod Ricard SA that makes France's most popular soft drink, was blocked Thursday by the French government.
- NBC, the television-network subsidiary of General Electric Co., plans to eliminate as many as 300 jobs, or about 5 percent of its work force, to offset rising costs.
- Microsoft Corp. lost a bid to exclude from its antitrust trial allegations that it had tried to kill competition from Intel Corp., Apple Computer Inc. and other companies. A judge denied Microsoft's blanket motion to bar testimony from the government's case but said he would examine the issues on a case-by-case basis once the trial starts Oct. 15.
- Canada's trade surplus widened to 1.55 billion Canadian dollars (\$1.03 billion) in July as exports to the United States climbed and imports of automotive parts and energy fell.
- American Greetings Corp. will take a third-quarter pretax charge of between \$10 million and \$20 million as part of a move to cut costs and maintain growth.
- Sun Microsystems Inc., the world's largest maker of powerful computers known as workstations, plans to offer discounts to Russian customers and scrap order cancellation fees to protect its sales in Russia.

The Trib index		Percent as of 4:00 P.M. New York time	
Jan. 1, 1992 = 100	Level	Change	% change
World index	170.25	-5.25	-2.99
Regional indexes			
Asia Pacific	72.36	-0.03	-0.04
Europe	203.83	-8.27	-3.90
N. America	231.13	-6.18	-2.60
S. America	84.65	-3.31	-3.76
Industrial indexes			
Capital goods	227.55	-10.51	-4.41
Consumer goods	212.48	-4.38	-2.02
Energy	189.91	-3.93	-2.03
Finance	111.72	-4.50	-3.87
Miscellaneous	138.07	-7.29	-5.02
Raw materials	162.16	-4.62	-2.77
Service	187.19	-5.23	-2.73
Utilities	159.08	-2.98	-1.84

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 350 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

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## AMEX

Thursday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press

TICKER	Symbol	High	Low	Limit	Chg
IBM	IBM	124 1/4	123 3/4	124 1/4	+1/4
Microsoft	MSFT	34 1/2	34 1/4	34 1/2	+1/4
Apple	AAPL	54 1/2	54 1/4	54 1/2	+1/4
Oracle	ORCL	28 1/2	28 1/4	28 1/2	+1/4
Amazon	AMZN	17 1/2	17 1/4	17 1/2	+1/4
Yahoo	YHOO	11 1/2	11 1/4	11 1/2	+1/4
Google	GOOG	27 1/2	27 1/4	27 1/2	+1/4
Alibaba	ALIB	15 1/2	15 1/4	15 1/2	+1/4
Facebook	FB	12 1/2	12 1/4	12 1/2	+1/4
Twitter	TWTR	9 1/2	9 1/4	9 1/2	+1/4
LinkedIn	LNKD	7 1/2	7 1/4	7 1/2	+1/4
Slack	SLCK	5 1/2	5 1/4	5 1/2	+1/4
Dropbox	DBX	4 1/2	4 1/4	4 1/2	+1/4
Zoom	ZOOM	3 1/2	3 1/4	3 1/2	+1/4
Twilio	TWLO	2 1/2	2 1/4	2 1/2	+1/4
SendGrid	SEND	1 1/2	1 1/4	1 1/2	+1/4
MailChimp	MC	1 1/2	1 1/4	1 1/2	+1/4
Buffer	BUF	1 1/2	1 1/4	1 1/2	+1/4
Mailgun	MG	1 1/2	1 1/4	1 1/2	+1/4
SendGrid	SEND	1 1/2	1 1/4	1 1/2	+1/4
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Dollar Slips As Stock Bolsters

EUROPE

# Big U.S. Booster of Russia Sounds an Alarm

## Provisions Slash Profit At Lonnais

Compiled by Our Staff From Dispatches

PARIS — Credit Lonnais SA, a French state-controlled bank slated for sale to investors, said Thursday that its first-half profit fell almost two-thirds as it increased provisions for trading losses and bad debts in Asia and Russia.

The fourth-largest bank in France said first-half profit fell to 226 million francs (\$40 million) from 601 million francs a year earlier, as the bank increased its provisions for risky loans 77 percent to 5.4 billion francs. Provisions for Russia and Asia accounted for more than 75 percent of the total.

The bank said its risk provision for Asia was 2.6 billion francs and for Russia was 1.6 billion francs.

"The important provisions taken for Russia and Asia have impacted negatively on the pretax profit," the bank said. It gave no forecast for the year.

Credit Lonnais said it had reduced its exposure to the five most troubled Asian economies — South Korea, Indonesia, Malaysia, the Philippines and Thailand — by 19 percent to 29 billion francs.

Banking income was little changed at 23.63 billion francs from 23.36 billion francs last year. Total assets rose to 1,505 trillion francs from 1,499 trillion francs.

The government, which owns 82 percent of the bank, is planning to yield control under an agreement with European Union competition authorities. (AFP, Bloomberg)

MOSCOW — The American Chamber of Commerce, until recently a big Russia-booster, said Thursday it had lost faith in the country's future — a sign that the economy is in deep trouble.

"We believed in the progress of economic reforms," said Scott Blacklin, president of the chamber. "It turns out we were wrong."

Known for its lavish events for expatriates as well as its promotion of U.S. investments in Russia, the chamber now warns that the country will lose billions of dollars in foreign investment. Businesses are slashing local staff after losing faith

in Russia's commitment to economic reforms, Mr. Blacklin said. Many foreign companies have suspended imports amid confusion over what to charge as the gov-

"We believed in the progress of economic reforms," the U.S. chamber's chief said. "It turns out we were wrong."

ernment plans to print more money to pay wages, threatening to push up inflation and further depress the ruble.

The ruble has fallen almost 60 percent since the previous government gave up efforts to keep it

stable. President Boris Yeltsin fired that government Aug. 24, and a new one, led by Prime Minister Yevgeny Primakov, is now being formed. Sales forecasts have been

according to a survey of chamber members. "We feel like we've been hit by a neutron bomb and we've all been irradiated," Mr. Blacklin said. "We're alive today, but in 30 to 60 days some of us are going to die."

The chamber proposed that the government take measures to reassure foreign investors, including increasing tax collection and simplifying tax policy, fighting corruption, supporting the banking system and ensuring settlement of currency-bidding instruments.

"The main question to the government is, 'Do you want us here?'" Mr. Blacklin said.

## German and French Telecoms Get Closer

Bloomberg News

BONN — Deutsche Telekom AG and France Telecom SA, Europe's two biggest phone companies, said Thursday they planned to integrate their phone networks with those of their European partners to fend off competition from international rivals.

The two companies and their partners will invest about 1 billion Deutsche marks (\$589 million) over the next five years to create a network that allows for "seamless" transfer of voice and data communications across 16 countries, Hans Ehnert, a Deutsche Telekom spokes-

man, said. The companies expect to complete the program by 2000, subject to regulatory approval.

The plan for a European network comes as France Telecom and Deutsche Telekom prepare to buy stakes of 2 percent in each other as part of an effort to strengthen their loose partnership and take on rivals such as British Telecommunications PLC and Telecom Italia SpA.

Europe's former monopolies are jockeying to dominate the rapidly growing \$160 billion phone market, which was fully opened to competition this year.

France Telecom and Deutsche

Telekom's biggest alliance thus far is their unprofitable Global One venture with Sprint Corp. of the United States.

Profit Squeeze in Paris

France Telecom's first-half profit fell 15 percent from a year earlier, to 7.6 billion francs (\$1.34 billion), as competition forced it to reduce its rates, Reuters reported.

Revenue rose to 77.9 billion francs from 75.3 billion francs.

The company said the impact of the lower rates had been partly offset by rapid growth in its mobile-phone and Internet businesses.

## Vickers to Close Factory in U.K.

Reuters

LONDON — Vickers PLC said Thursday it would close its tank factory in Leeds, England, next year and cut more than 1,000 jobs across the company.

Vickers, facing a slowdown in orders since the end of the Cold War, plans to concentrate tank production at its other British site, in Newcastle, England.

The move will eliminate 650 jobs in Leeds and Newcastle and is part of a plan to reduce the company's total number of employees by 22 percent, a cut-back of 1,135 jobs.

The job cuts, the latest in a series to have hit manufacturing in northern England, came a day after Prime Minister Tony Blair visited the area and met with workers facing layoffs.

Vickers said the approach of peak production on its order for Challenger 2 tanks for the British Army and a slowdown in orders had forced the decision.

## Bayer to Add Chiron Unit and Sell Agfa Stake

Compiled by Our Staff From Dispatches

LEVERKUSEN, Germany — Bayer AG, the German drug and chemical giant, said Thursday that it planned to buy Chiron Corp.'s diagnostics unit for \$1.1 billion and to sell shares in its Agfa-Gevaert AG film unit.

Bayer said it planned to spin off as much as 75 percent of Agfa in the

second quarter of next year. Agfa may have a market value of \$4 billion, analysts have said.

The Chiron unit makes test kits for hepatitis C and for the virus that causes AIDS. Bayer and Chiron have faced increased competition in the \$19 billion market for medical test kits since the leaders in the field, Roche Holding AG and Abbott Laboratories,

recently grew by acquisitions.

In another transaction, Bayer agreed to take a 50 percent stake in the seeds-treatment business of Gustafson Inc., a U.S. company, for an undisclosed price. The companies said they would form a joint venture to make fungicides and other treatments for agricultural seeds. (Bloomberg, Reuters)

## Investor's Europe

Frankfurt DAX	London FTSE 100 index	Paris CAC 40
6100	6250	4000
5800	6000	3800
5500	5750	3600
5200	5500	3400
4900	5250	3200
4600	5000	3000
4300	4750	2800
4000	4500	2600
3700	4250	2400
3400	4000	2200
3100	3750	2000
2800	3500	1800
2500	3250	1600
2200	3000	1400
1900	2750	1200
1600	2500	1000
1300	2250	800
1000	2000	600
700	1750	400
400	1500	200
100	1250	0

Exchange	Index	Thurs. Close	Prev. Close	% Change
Amsterdam AEX	1,027.54	1,027.54	1,027.54	-3.87
Brussels BEL-20	3,133.99	3,133.99	3,133.99	-2.75
Frankfurt DAX	4,684.51	4,684.51	4,684.51	-3.88
Copenhagen Stock Market	616.39	616.39	616.39	-3.14
Helsinki HEX General	4,137.98	4,137.98	4,137.98	-5.51
Oslo OBX	477.30	477.30	477.30	-6.98
London FTSE 100	5,132.90	5,132.90	5,132.90	-3.00
Madrid Stock Exchange	688.73	688.73	688.73	-4.17
Nielsen MIBTEL	19238	19238	19238	-5.21
Paris CAC 40	3,625.26	3,625.26	3,625.26	-5.47
Stockholm SX 16	3,594.76	3,594.76	3,594.76	+3.54
Vienna ATX	1,098.61	1,098.61	1,098.61	-4.12
Zurich SPI	4,062.05	4,062.05	4,062.05	-4.04

Source: Reuters

## Very briefly:

- EMI Group PLC decided not to bid for PolyGram Filmed Entertainment, a unit of Seagram Co. Analysts applauded its decision to stick to its core music business.
- Canal Plus SA, Europe's biggest pay-television company, will sell 37 percent of its cable-TV unit to Exante, an investor group that plans to use it to provide telecommunications services.
- The European Commission said a record 60 percent of European Union citizens said in a poll that they supported the planned single currency. That was 10 percentage points more than in a poll taken last autumn.
- The European Union's antitrust chief, Karel Van Miert, said he saw no significant regulatory obstacles to the planned merger between British Petroleum PLC and Amoco Corp. of the United States.
- Lufthansa AG's supervisory board approved a 3.9 billion Deutsche mark (\$2.3 billion) order for 42 airplanes, six of them from Boeing Co., 16 from Airbus Industrie and 20 from Bombardier Inc.
- Aerospatiale's first-half profit more than doubled to 1.22 billion French francs (\$214.7 million) from 608 million francs in the first six months of 1997. (Reuters, Bloomberg, AFP, AP)

## WORLD STOCK MARKETS

Thursday, Sept. 17

Daily prices in local currencies.

High Low Close Prev.

Amsterdam AEX index: 1,027.54

Prev.: 1,027.54

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## Respite From Wild August Doesn't Mean All Is Well

**NEW YORK** — The stock market's bear may just be emerging from a short hibernation, but the bond-market species has never rested.

Having endured a hellish August in stocks, investors are seeing a respite in September. But while many stocks have recently recouped some of their losses, bond prices — with the conspicuous exception of U.S. Treasury securities — have barely budged. August, one of the most brutal months in record in almost every bond market around the world, has been followed by a September in which most of these securities, even if they are up, have mustered only the merest of gains.

What happened? Through no fault of their own, investors in a wide variety of boods, from convertibles to mortgage-backed securities, found themselves trapped in a game of economic dominos gone awry. The bond-market action in August is a painful lesson in how the toppling of one market can, in turn, hurt even the most seemingly unrelated market worlds away.

The Russian central bank's de facto debt default wound up hurting even the most highly rated bonds issued by U.S. corporations with absolutely no exposure to Russia. The only people who escaped the August disaster were owners of U.S. Treasury securities, which were driven to historic highs in price terms as a result of some of the lowest yields in decades.

The situation in Russia caused an about-face in the level of risk that professional investors were willing to tolerate. As long as the International Monetary Fund was willing to hail out countries experiencing economic disarray, investors were comfortable investing in fledgling markets. Russia changed all that.

"The flight to quality, previously, was out of equities and into bonds, and any bonds qualified," said Martin Fridson, chief high-yield strategist at Merrill Lynch. "Now, that flight is much more pronounced because investors want to go all the way to the ultimate quality of U.S. Treasury securities. Nothing in between seems safe enough."

What did his new risk aversion mean for various bond markets? Big losses. In August, investors in emerging-market debt lost 28.7 percent of their money, convertible bonds lost 11.8 percent, and high-yield bonds lost 7.4 percent of their value. Real estate investment trusts that invest in mortgage securities declined an average 27 percent during the month. Only two non-Treasury sectors showed gains for the period: municipal bonds rose 1.92 percent, and the

highest-rated corporate bonds inched up 0.51 percent. Treasury bonds, meanwhile, advanced 2.16 percent.

Bonds, remember, are supposed to be boring, predictable investments. No more. "We've probably crammed about a year of volatility into the last six weeks in the bond market," said Randall King, senior vice president of asset liability management at PNC Bank in Pittsburgh.

The result of all this volatility has been to bring the issuance of many types of bonds and convertible debt to a near-standstill. For example, only one convertible debt issue came to market in all of August.

Why does upheaval in one distant market make for losses closer to home? T. Anne Cox, director of global convertible bond research at Merrill Lynch, explained: "If investors take a hit in one part of their book, their risk tolerance is going to decline across the board."

"And if everybody does that at roughly the same time, you could see where you'd get some real liquidity pressure."

Hurt the most by the bear market in bonds are hedge funds that made big bets in emerging-market debt and brokerage firms that trade all

**"We've probably crammed about a year of volatility into the last six weeks."**

manner of bonds for their own accounts. Also taking a hit were commercial banks that traded in the same markets. Adding to the upset, many of these concerns used leverage to make their bets, which magnified their losses.

Another piece of bad luck: These big investors typically hedged against losses in emerging-market debt by selling Treasury securities that they did not own. With prices of Treasury issues roaring as emerging-market debt plunged, the "hedges" were a disaster as investors found themselves on the wrong side of both of their trades.

As a result, word on Wall Street is that most fixed-income departments at trading firms have lost back all they made during the first seven months of the year. These departments usually are big money-makers for brokerage houses. Last year, for example, Merrill Lynch's taxable fixed-income department generated nearly \$1 billion in revenue, 26 percent of the company's overall revenue for principal transactions.

This year, however, bonuses for employees in these areas are a dream; many companies have already conducted what are euphemistically called head-count meetings. Firings will follow.

**A Month to Forget**

Price returns of U.S. indexes for the month of August

Index	Return
S&P 500 stock index	-14.0%
TREASURY BONDS	+2.2%
MUNICIPAL BONDS	+1.52%
AAA/AA BONDS	+0.5%
MORTGAGE-BACKED SECURITIES	+0.2%
CORPORATE BONDS	-0.4%
BBB BONDS	-1.6%
JUNK BONDS	-7.4%
CONVERTIBLE DEBT	-11.5%
EMERGING MARKETS*	-25.7%

\*In U.S. dollars

Sources: Salomon Smith Barney, J.P. Morgan, Bloomberg Financial Markets

For individuals, the unhappy sequence of events in the bond market is all that much harder to take because the losses came when interest rates were declining significantly. Yields on the five-year Treasury note, for example, fell a full percentage point in late summer. The notes traded at 5.43 percent on July 1 and at 4.43 percent last Friday. On Thursday, they were higher at 4.61 percent.

With rates moving down, investors are understandably confounded by losses in their bond portfolios. Common sense dictates that when interest rates fall, bond prices rise.

But common sense could not have helped predict the confluence of events — the work of professional investors, hedge-fund managers and brokerage trading desks that ran away from anything with a whiff of risk to it — that have paralyzed worldwide bond markets. As the herd stampeded out of junk bonds, convertible debt, emerging market

Estimating the amounts lost by investors in bonds in August is difficult because of the market's opaqueness. But some numbers are available: \$48 billion was lost in emerging-market debt that was denominated in dollars, \$14.6 billion disappeared from portfolios of convertible bonds, and \$15 billion was probably lost in junk bonds, and \$1.67 billion disappeared from an index of real estate investment trusts that invest in mortgage securities. That's about \$80 billion lost.

Investors who are not yet aware of the recent turmoil in bonds may get an unpleasant jolt when they check their mutual-fund holdings.

There are plenty of bondholders out there: As of Sept. 9, according to AMG Data Services, assets held in bond funds totaled \$533 billion, roughly one-fifth the amount currently in stock funds.

A paralysis unlike anything investors have seen for years is gripping non-Treasury bond markets in the United States. Investors who think that September's relative calm in the market is a sign of stability should not be confused. It is a frozen market, where nobody is selling because there are no buyers.

Dealers at major Wall Street brokerage firms are no longer bidding for bonds from their customers; they will only take an order if they know they have another customer interested in owning the bonds. Since few investors are interested in adding to their bond positions until they see the market stabilize, most sell orders don't get executed.

**As a result, the losses that have been registered**

in bonds so far probably reflect only part of the real damage done to these markets. If there was actual selling going on, the prices would be far lower. But as long as investors are not forced to sell, the market simply feels ominously quiet.

With the year winding down, though, more and more investors may be forced to sell their holdings.

Société d'Investissement à Capital Variable  
Kapsalis House - Place de l'Étoile  
B.P. 2174, L-1021 Luxembourg  
R.C. Luxembourg B 20095

As the Extraordinary General Meeting of September 1, 1998 did not reach the quorum of 50% required by law, notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Special Growth Fund Sncw ("the Company") will be held at the registered office of the Company in Luxembourg on October 5, 1998 at 11.00 a.m. to consider the following agenda:

1. To resolve to liquidate the Company.
2. To appoint Fidelity Investments Luxembourg S.A. as the Liquidator and to determine the powers to be granted to the Liquidator and the liquidation procedure.
3. To fix the date of the second Shareholders' Meeting to hear the Report of the Liquidator and to appoint Coopers and Lybrand, Luxembourg as the Auditors of the Company.
4. To fix the date of the third Shareholders' Meeting to hear the Report of the Auditor and to decide the close of the Liquidation of the Company.

No quorum of shares present or represented at the Meeting is required in order to deliberate validly on the agenda. A decision in favour of Resolution no. 1 of the agenda must be approved by Shareholders holding at least 2/3 of the shares represented at the Meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

BY ORDER OF THE BOARD OF DIRECTORS  
July 10, 1998

**Fidelity Investments**

For information please contact,  
Katy Hour: Fax (33-1) 41 43 92 12 or e-mail: [funds@ilt.com](mailto:funds@ilt.com)

Quantities supplied by kind request to: STANDARD & POORE'S MICROFILM, c/o 33-1 40 26 05 08, e-mail: [info@microfilm.fr](mailto:info@microfilm.fr)

To receive free daily quotations for your funds subscribe at: [e-funds@iht.com](mailto:e-funds@iht.com)

September 17, 1998

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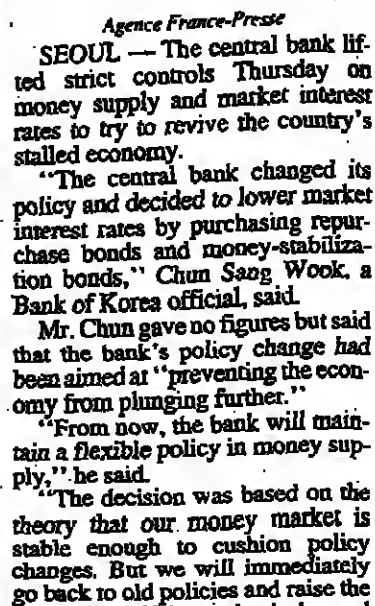
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## Seoul Takes Steps to Cut Interest Rates



The unions spurned the offer, saying it would mean surrendering their rights.

The airline, whose majority stake is owned by Lucio Tan with the government holding 23 percent, has been bleeding financially for at least the past five years.

PAL's losses quadrupled to 2.2 billion pesos in the April-June quarter as the pilots' strike sapped revenue and financing charges soared. That followed a record loss of 8.08 billion pesos in the year to March 31.

The closure of the country's largest airline could hamper travel to and throughout the archipelago's 7,000 islands. United Airlines of the United States stopped serving Manila last year.

The PAL shutdown also could add to the strains on the country's financial system, which has already seen bad loans rise since the start of the Asian economic crisis. More than half of the carrier's liabilities are in the form of airplane lease agreements. Besides those agreements, PAL's biggest creditors are foreign banks that lent the airline money to purchase or lease new planes as part of a short-lived expansion. (Reuters, Bloomberg)

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NYSE

Thursday's 4 P.M. Close

(Continued)

12 Month	Stock	Div	Yld	PE	100 High	Low	Latest	Chge
High								
12.5	Alcoa	0.10	4.8	15.5	38.00	37.00	37.50	+0.50
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# STUMBLING IN HER DELICATE SATIN SLIPPERS AND ALMOST TRIPPING ON THE

hem of her diaphanous gown, the young bride fought back tears of irritation. Much as she abhorred the idea of a row with her new husband on only their second day of wedded bliss, she could not imagine why he was insisting she made her way to the moonlit Raffles' poolside in full evening regalia. 'Are you sure the restaurant's this way, darling?' she ventured through gritted teeth, all too aware of her husband's famously poor sense of direction. 'Only I'm not really dressed for one of your short cuts.' It was then that the tears began to flow in earnest. For there at the poolside, bathed in a soft candlelit glow, was an exquisite table a deux perfectly framed by its feathery romantic setting. Silverware gleamed in the starlight, a bottle of champagne chilled in its frosty bucket and a single red rose took centre stage on the starched white linen tablecloth. Fortunately, the



**WORLD ROUNDUP**

**Tyson Warming Up**

**BOXING** The former world heavyweight champion Mike Tyson, who is scheduled to appear before the Nevada Athletic Commission on Saturday in an effort to regain his boxing license, has been meeting with a Denver psychologist for the past week to prepare for the encounter.

The Rocky Mountain News reported that Tyson has been undergoing a psychological evaluation by Carlos Fontanez, whose report on Tyson's mental state will be used to help the former heavyweight champ lobby for reinstatement.

Tyson had his license revoked by the five-member Nevada commission last year. The commission acted after Tyson bit the ears of the reigning champion, Evander Holyfield, in their title fight on June 28, 1997.

Marc Ratner, executive director of the Nevada regulatory board, said he was aware of Tyson's trip to Denver and speculated that he was "probably looking for the best psychologist in the country." (AP)

**Bugno Captures Stage**

**CYCLING** Gianni Bugno of Italy and the Mapei team won the 12th leg of the Tour of Spain on Thursday, needing 4 hours, 26 minutes and 4 seconds to pedal the 187-kilometer (116-mile) run in northern Spain that ended in a steep climb up the Canfranc mountain pass.

The stage did little to alter the overall standings, with Abraham Olano of Spain still leading the 22-stage race on the strength of his time-trial win in the 9th leg. (AP)

**Mantilla Advances**

**TENNIS** The defending champion and No. 3 seed, Felix Mantilla, charged to a 7-5, 6-2 victory over a fellow Spaniard, Jordi Burillo, on Thursday to gain the quarterfinals of the Samsug Open in Bournemouth, England. In another second-round match at the tournament, Albert Costa of Spain stopped Dennis Van Schieppeng of the Netherlands, 6-3, 6-2. (AP)

**Grandly, Sosa Blasts 63d to Tie McGwire**

**Bases-Loaded Shot Lifts Cubs Over Padres**

By Ed Guzman  
New York Times Service

**SAN DIEGO** — Sammy Sosa was relaxed enough to hit his 63d home run. It was simply a matter of when.

After singling and doubling in his first four at-bats Wednesday night, the Chicago Cubs' right fielder stood at the on-deck circle in the top of the eighth inning holding his personalized black Louisville Slugger bat.

He made a sign of the cross, put his fingers to his lips and then touched his bat.

With that bit of divine help, Sosa came to the plate with the bases loaded and two out. With the Qualcomm Stadium crowd of 49,891 on its feet, Sosa drove a 1-0 pitch from a San Diego right-hander, Brian Boehringer, high and deep into the second deck in left field, a 434-foot (132-meter) blast that tied Mark McGwire for most home runs in a season and gave the Cubs a 6-2 lead.

The Cubs went on to beat the Padres, 6-3, to remain a half-game ahead of the New York Mets in the race for the National League wild-card playoff berth.

"I think 62, 63 are pretty good for me," Sosa said. "Now I want to take my team to the playoffs. Right now, I feel great."

Sosa tied McGwire at 62 on Sunday, when he connected twice in a stunning performance at Wrigley Field. That gave him four homers in three days.

McGwire went back ahead with No. 63 when he pinch-hit for the St. Louis Cardinals in the ninth inning of the first game of a doubleheader Tuesday.

This was Sosa's third career grand slam — all this season — and his 22d career homer against the Padres, the most against any opponent. He was 1 for 9 with six strikeouts in the first two games of the four-game series.

McGwire and Sosa each have nine games left in the season.

Sosa was so loose before the game that after a horde from the news media finished asking questions, he sheepishly said: "Don't leave. Does anyone have

any more questions? I've got time for everyone."

A reporter then asked Sosa if he had any questions for the members of the news media.

After pausing for a minute, he said: "What did Mark McGwire do today? Did he hit 64?"

Ira Berkol of The New York Times reported earlier from St. Louis: "At 18 height, McGwire was distant. McGwire would have had two more home runs Wednesday night in Busch Stadium to add to his total of 63 for the season so far."

Instead, his sky-high flyout to center field in the sixth inning and his space shot in the seventh inning, which seemed to have aged the Pittsburgh left fielder, Turner Ward, by about three weeks as he waited for the ball to descend, were simply outs.

True, they excited the 40,928 fans, who rose almost in unison as McGwire struck the ball and uttered "Oooohhh!" in anticipation.

But that was all the theater they could muster out of McGwire. He went 0 for 4, with one base on balls, in the Cardinals' 4-0 victory.

He walked in the first inning off the left-hander Chris Peters, who was roundly booed for depriving the fans of possibly another McGwire clout. The slugger struck out in the third on a called third strike and stood at the plate staring down in the batter's box, clearly unhappy with the plate umpire, Randy Marsh.

McGwire hit his 63d homer the night before in the first game of a doubleheader. He failed to connect for a homer in the second game.

Before Tuesday, he had gone six games without a homer. The longest he had gone previously was 10 games. There had been some question about the status of his back, after he left the game Sunday in the fifth inning with spasms. But he said the back was "not an issue" and seemed to be swinging hard Wednesday night.

He understands the disappointment of the fans who he does not please them with a home run. "But people don't like to give credit to the pitchers," he said.



Sammy Sosa watching his 63d home run, a grand slam, leave the park.

**Sosa Deflates Charge of Bias In Treatment Of His Feats**

By Murray Chass  
New York Times Service

**NEW YORK** — The suggestion has not reached the proportions of a national debate, but talk about it has become part of the home run race that has commanded the United States' attention: Major League Baseball has slighted Sammy Sosa in its treatment of him and Mark McGwire, and race is the reason.

Baseball officials and Sosa's agent flatly rejected both notions Wednesday. "Sammy doesn't perceive it that way, and neither do we," Tom Reich, the agent, said, speaking for himself and his partner, Adam Katz. "The attention that has been given to Sammy has been tremendous."

McGwire was singled out the night he hit his 62d home run, baseball officials said, because that was the home run that broke Roger Maris's record, and they had centered the initial stage of their involvement on that achievement. Had Sosa hit his 62d before McGwire, the officials said, Commissioner Bud Selig would have given him the award he gave McGwire.

"There was a huge media crush and we had to get something up for that," Selig said. "McGwire broke Maris's record. Sammy has tied the new record."

Selig gave McGwire the first Commissioner's Historic Achievement Award after the Sept. 8 game in St. Louis, and he said he would give the same award to Sosa, a native of the Dominican Republic, on Sunday in Chicago as part of the Cubs' ceremony honoring their right fielder.

Both players, Selig added, would be honored during the World Series, no matter who wins the race.

McGwire and Sosa were tied at 63 home runs after games Wednesday night. Sosa has tied McGwire only once, for two and two-thirds innings during the game between their teams Aug. 18. Selig said he had received some calls from fans who said they thought Sosa had been slighted. But, he said by telephone from Milwaukee, "I explained it to them and they were satisfied."

Charges that the two players have been treated unevenly have come from fans and sports columnists. Rich Levin, the executive director of baseball's public relations department, said that any suggestion that race influenced the treatment was an insult. "It's absolutely preposterous," he said.

Reich, who was with Sosa in San Diego where the slugger hit his 63d home run Wednesday, also scoffed at the charge. "We reject that completely," he said.

Reich said Sosa and his representatives felt so positive about baseball's treatment of Sosa that Reich expressed that feeling in a letter Wednesday to Paul Beeston, the chief operating officer for Major League Baseball.

"It is obvious," Reich wrote, "that much of the media has chosen to make a significant issue out of possible unbalanced attention to Mark McGwire at the expense of the spectacular young Sammy Sosa. As you will see and hear, Sammy Sosa and Reich/Katz reject this notion out of hand."

Reich went on to write that they were "very appreciative of the consideration and respect" shown by "all of the components of major-league baseball."

**Indians Clinch 4th Title**

The Associated Press

The Cleveland Indians clinched a fourth successive American League Central title as Manny Ramirez hit his 41st and 42d homers, tying a major-league record for homers in four at-bats and hitting five in two games in an 8-6 victory over the Minnesota Twins.

With the triumph Wednesday night in Cleveland, the Indians became the third team to win four successive titles since

Albert Belle capped a seven-run outburst in the seventh inning with his 46th homer and set a team record with his 139th run batted in.

**Mariners 4, Athletics 1** In Oakland, California, Ken Griffey Jr. stole his 20th base of the season to become the third major leaguer with at least 50 homers and 20 steals. Griffey, who came into the game with a league-leading 52 homers, singled in the eighth and stole second. The only other 50-20 players in baseball history are Willie Mays (51 homers, 24 stolen bases in 1955) and Brady Anderson (50 homers, 21 stolen bases in 1996).

**In the National League:** **Mariners 5, Phillies 1** John Smoltz, timing up for the postseason, pitched six shutout innings and Eddie Perez hit a two-run homer as host Atlanta minimized the best record in the National League.

**Red Sox 2, Rays 0** In Cincinnati, Bill Pulsipher and four relievers combined on a five-hitter as Milwaukee posted its second shutout of the season.

**Expos 3, Marlins 2** In what may have been their last game in Montreal, the Expos rallied for two runs in the ninth inning to clinch hits.

The Expos' ownership group has set a Sept. 30 deadline to decide whether financing is available to build a stadium in time for the 2001 season. If they do not proceed with the project, the team will probably be sold and moved.

**Angels 4, Astros 3** In Houston, Todd Hundley's pinch-hit homer with two outs in the 11th inning gave New York a victory over the Astros.

**Braves 6, Diamondbacks 5** Barry Bonds hit an RBI triple and scored on Jeff Keot's single in the 10th inning as San Francisco won in Arizona.

**Red Sox 2, Rockies 0** Brian Bohannon allowed five hits in eight innings as Los Angeles beat the visiting Rockies.

**Baseball Roundup**

divisional play started in 1969. They joined Atlanta, on its current run of seven straight, and the Oakland A's, who won the American League West from 1971 to 1975.

**Blue Jays 2, Tigers 1** In Detroit, Roger Clemens won his 14th successive decision for Toronto. Clemens (19-6) struck out 11 in 7 1/2 innings, allowing only four hits and moving ahead of Bob Gibson (3,117) into 10th place on the career strikeout list. Clemens finished the game with a 3.127.

**Red Sox 4, Orioles 3** In Baltimore, Tom Gordon matched a major-league single-season record with his 38th consecutive save and set a Red Sox mark with his 41st save of the season. Boston held its four-game lead in the wild-card race over Toronto.

**Devil Rays 7, Yankees 0** Tony Saunders pitched six scoreless innings and host Tampa Bay beat New York for the first time. Andy Pettitte (16-10) struggled again for the Yankees, losing for the fourth time in six decisions.

**Rangers 4, Angels 3** In Arlington, Texas, the Rangers finally caught Anaheim in the standings after trailing for the last month as Todd Stottlemyere, Roy Clayton and Todd Zeile, all acquired at the trading deadline, led the Rangers.

**White Sox 9, Royals 4** In Chicago,

**Boldon Misses Record but Wins Gold**

The Associated Press

**KUALA LUMPUR** — Aro Boldon missed the world record but still celebrated in style as he ran 9.88 seconds on Thursday to win the Commonwealth Games 100-meters gold medal.

The Trinidadian sprinter, who had said he felt capable of beating Donovan Bailey's 9.84, threw his arms wide as he broke Linford Christie's Games mark of 9.91, set four years ago at Victoria, British Columbia.

Boldon, who has twice run 9.86 this season, ran to collect the flag of Trinidad from one of his fans and did a lap of honor with 37,000 spectators in the 100,000-capacity National Stadium cheering him wildly.

The medals were as expected, with Boldon's big rival, Frankie Fredericks of Namibia, second in 9.96 and Obadele Thompson of Barbados, who

ran 9.87 at altitude in Johannesburg on Friday, third in 10.00.

While Boldon ran consistently throughout the race, Fredericks started slowly and needed a powerful surge at the end.

**COMMONWEALTH GAMES**

midrace to get back into contention. But Boldon always looked the winner and there was daylight between the two sprint superstars at the line.

Boldon said that he had been disappointed with his performance during the recent European season, but that he had been confident of success in Kuala Lumpur because of solid training.

**■ Another Victory for O'Neill**

Susie O'Neill of Australia became the most prolific gold medal winner in Commonwealth Games swimming for a history Thursday, doing it in style with

the second fastest women's 200-meter butterfly race of all time.

O'Neill, the Olympic and world champion, in the event, defeated Petria Thomas, her compatriot, to claim her 10th gold medal in her third Commonwealth Games.

O'Neill's 2:06.60 crushed her own Commonwealth record of 2:07.29, which she set in 1995, and was second only to the 2:05.96 scored by Mary Meagher of the United States in 1981.

O'Neill finished the competition with six golds and two silver medals. Australia finished the swimming competition with 23 golds, two medals away from its record set in 1994, while England had five and Canada four.

O'Neill's gold tally surpassed that of Mike Wenden, a fellow Australian who scored nine, and equaled Graham Smith of Canada's record total for a single games of six in 1978.

**SCOREBOARD**

**BASEBALL**

**MAJOR LEAGUE STANDINGS**

AMERICAN LEAGUE	W	L	Pct.	GB
NEW YORK	104	46	.691	—
BOSTON	82	65	.557	22
TORONTO	82	70	.538	27
BALTIMORE	77	74	.510	32
MINNESOTA	60	90	.400	44

CENTRAL DIVISION	W	L	Pct.	GB
CHICAGO	84	65	.563	—
ST. LOUIS	77	70	.521	7
KANSAS CITY	61	81	.430	16
MINNESOTA	60	84	.413	17
DETROIT	58	84	.407	19

WEST DIVISION	W	L	Pct.	GB
SEATTLE	81	70	.536	—
TEXAS	70	80	.467	10
OKLAHOMA	69	82	.452	12

NATIONAL LEAGUE	W	L	Pct.	GB
ATLANTA	98	55	.641	—
NEW YORK	94	48	.658	6
PHILADELPHIA	73	62	.541	21
MONTEREAL	61	92	.399	33
PITTSBURGH	50	103	.329	44

CENTRAL DIVISION	W	L	Pct.	GB
CHICAGO	97	57	.628	—
ST. LOUIS	86	67	.562	10
KANSAS CITY	75	77	.493	20
MINNESOTA	72	81	.471	24
CINCINNATI	70	83	.452	26

WEST DIVISION	W	L	Pct.	GB
SAN DIEGO	92	58	.612	—
SAN FRANCISCO	81	71	.533	12
LOS ANGELES	78	75	.510	17

**AMERICAN LEAGUE**

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**PACIFIC LEAGUE**

PACIFIC LEAGUE				
	W	L	Pct. GB	
Nippon Ham	63	56	2	.329 —
Daiei	65	59	1	.324 1/2
Yokohama	58	63	3	.302 1/2
Chiba	62	59	2	.312 2
Carlisle	56	62	3	.475 4 1/2
Osaka	59	63	3	.455 1 1/2

**THURSDAY RESULTS**

**CENTRAL LEAGUE**  
Yokohama @ Yamaguchi  
Yokohama @ Chubu (3:00 innings)  
Fukushima @ Hiroshima 1-0

**PACIFIC LEAGUE**  
Osaka @ Orix 2-0  
2-1. Hiroshima @ the Int'l (innings)

CRICKET	
SARAJEVO, BOS. VS. INDIA	
FREDERICK W. TORONTO	
Pakistan 257 vs. the visitors	
100 (144) wickets	
Pakistan won third match by 77 runs.	
Pakistan loses 5-game series 2-3.	

CYCLING	
TOUR OF SPAIN	
Leading climbing Thursday in 187-kilometer (116-mile) 11/22nd stage from	
Buenos Aires to Garmakano	
Garcia Bugno, Nello, Mapeo of teams: 26	
minutes	
Santiago Blanco, Spain, finished at 1:45	
Roberto Sanguinetti, Italy, Bradstreet 1:50	
Jose Ramon Uribe, Spain, Lopez 1:52	
minutes	

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Bernardo	15. ...
Low	16. ...
Fernando	17. ...
Mario	18. ...
Daniel	19. ...
& Alvaro	20. ...
Alex	21. ...
Roberto	22. ...
... ..	23. ...
Camacho	24. ...
Manuel	25. ...
Marcel	26. ...
Casullo	27. ...
Jose Luis	28. ...
Rickard	29. ...

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**CRICKET**

W	L	Pct.	GB
NEW YORK	104	46	.691
BOSTON	82	65	.557
TORONTO	82	70	.538
BALTIMORE	77	74	.510
MINNESOTA	60	90	.400

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## SPORTS

# Brondby and Lens Show Their Mettle

By Peter Berlin  
International Herald Tribune

LENS, France — The opening round of matches in the Champions League provided an evening rich in both irony and action.

The first 12 matches in league play in Europe's top club competition Wednesday provided 30 goals and four red cards. Four teams scored in the dying

## CHAMPIONS LEAGUE

seconds to turn defeat into a draw or a draw into victory, and several unfashionable clubs tripped up self-elected members of the proposed Super League.

With characteristic timing, Media Partners, a Milan-based consulting firm that is trying to set up a breakaway Super League, chose Thursday to make a presentation to Italy's club presidents. It said it planned to replace the three cups run by UEFA, the governing body of European soccer, with a midweek league of 36 teams and a cup with 96 clubs from 51 countries, starting in 2000-2001.

Eighteen of the 36 league members would be invited and guaranteed places in the first three years of the competition, regardless of their performance in domestic leagues.

Under pressure, UEFA has fiddled with its top competition in recent years. And on Wednesday the Champions League began in yet another new format, but one that already appears outdated.

Meanwhile, the smaller clubs did their part in the evening's matches. Brondby, the champion of Denmark, beat Bayern Munich, and Lens, the French champion, scored in the time added by the referee for second-half injuries to hold Arsenal of London, 1-1.

It would be nice to think that there was an element of justice in Wednesday's scores, but sporting justice is far simpler and harsher. Arsenal and Bayern lagged not because they were big and rich and deserved a black eye, but because they failed to take their scoring chances.

In Lens, Marc Overmars gave Arsenal the lead after 51 minutes with a crisp finish, following a delightfully constructed counterattack. Lens leveled in the 93rd minute when the ball struck Martin Keown, the Arsenal defender, in the Arsenal goalmouth and ricocheted across the line.

Arsenal could have won the game comfortably in the second half if Overmars and Nicolas Anelka, its two best strikers, had taken their chances. Four times, Anelka raced into the Lens penalty area with only the goalkeeper, Guillaume Warmuz, ahead of him. Four times, through indecision or inaccuracy, he wasted the opportunity.

Overmars' misses were of a different type. After scoring, he hit the crossbar with a powerful shot after a clever dribble. In the 56th minute, after another good run, he slid his shot past Warmuz, but the ball struck the goalpost and bounced across the face of the goal and away. At that moment, the scales of justice tipped a little toward Lens.

Dennis Bergkamp, the English player of the year last season, played as if in a coma. He has clearly not recovered yet from last season's exertions. His exhausted form is hardly an advertisement for the extra burden the Super League would place on players.

If the bullying tactics of wealthy clubs, among whom Bayern Munich is a leader, yield a Super League, then the thuggish Carsten Jancker, a Bayern forward who enjoys throwing his weight around should be its poster boy. In Brondby, Bayern missed a series of chances, and the graceless Jancker was the chief offender. Markus Babbel eventually scored for Bayern, but Brondby made the most of Bayern's misses, scoring in the 88th and 90th minutes. The second goal came from a spectacular shot by Allan Ravn Jensen.

The victory means that Brondby leads Group D, ahead of three teams which would all gain automatic entry to Media Partners' proposed league.

At the other Group D match, Manchester United and Barcelona drew, 3-3. The fans of United, which qualified as runner up in the English Premier League, got into the spirit of the new Europe with an obscene chant to the effect that "We're here because we've won nothing."

Ryan Giggs and Paul Scholes scored for United in the first half. But Barcelona retains its endearing commitment to the idea that the way to win soccer games is to attack. Sonny Anderson scored with a rasping drive in the second half, followed by Giovanni on a penalty kick. But David Beckham put United ahead again with a swerving free kick.

Finally, after Nicky Butt stopped a goalbound shot with his hand to earn a red card, Luis Enrique equalized with the penalty kick.

Juventus, a cup finalist for the past three seasons, drew 2-2 with Galatasaray in Turin in Group B. Filippo Inzaghi gave Juventus the lead with an overhead kick in the 17th minute, but Juve's goalkeeper, Angelo Peruzzi, was sent off in the 37th minute after handling the ball outside his penalty area to stop a breakaway by Hakan Sukur.

Sukur slid the ball past Michelangelo Rampulla, the substitute goalkeeper, in the 42nd minute, and Umut Davala gave the Turkish champion the lead after 63 minutes. The defender Alessandro Birindelli saved Juventus with a goal five minutes later.



Dwight Yorke of Manchester United leaping to attempt a shot on goal against Barcelona. The teams drew, 3-3.

# Stars Occupy Back Seats At Lancome

The Associated Press

SAINT-NOM-LA-BRETECHE, France — Five players shot 4-under-par 67s on Thursday to share the first-round lead in a closely contested Lancome Trophy.

Outshining the superstars competing for the trophy, Stephen Allan of Australia, Derrick Cooper of England, Eamonn Darcy of Ireland, Miguel Angel Jimenez of Spain and Greg Turner of New Zealand share the lead on the par-71, 6,311-meter (6,935-yard) course in Saint-Nom-la-Breteche, west of Paris.

In warm, sunny conditions, an additional five players shot 3-under-par 68s to stay in close contention for the £133,330 (\$221,000) first prize, to be awarded Sunday.

Darcy, the first to tee off, began badly, bogeying the fourth. But he roared back with birdies on the sixth, 13th and 15th. His best moment came with an eagle on the par-5 eighth, when he was short on his second shot but eventually puffed from 30 yards for an eagle.

"I was driving the ball really well and didn't miss any fairways," the Irishman said.

Turner, who missed the cut in his defense of the British Masters last week, saying his "focus was astray," was back in the groove, firing four birdies in a solid 67, including a smart 35-foot (10-meter) putt to birdie the 9th.

David Duval of the United States, looking for his first European prize, shot 69, while the defending champion Mark O'Meara was 1-under at 70, along with Fred Couples, Lee Westwood and Nick Faldo.

## Four Share Lead in ANA Open

The Japanese players Masashi (Jumbo) Ozaki and Yui Igarashi shot 3-under-par 69s along with Stuart Appleby of Australia on Thursday to share a one-stroke lead in the opening round of the 100 million yen (\$745,000) ANA Open, The Associated Press reported from Kitahiroshima, Japan.

Ozaki, in contention for his 109th career victory, shot five birdies and two bogeys over the 7,063-yard (6,427-meter), par-72 Sapporo Golf Club course. Appleby, winner of the Kemper Open in June, also scattered five birdies and two bogeys.

Carlos Franco of Paraguay, Peter McWhinney of Australia, Chen Tze-chung of Taiwan and Kenichi Kuboya of Japan fired 70s.

Katsunuma Miyamoto, Yoshinori Mizumaki, Naomichi (Joe) Ozaki, the youngest of three Ozaki brothers on the tour, and Taiwan's Lin Keng-chi and five others shared eighth at 71.

Lee Janzen of the United States, winner of the U.S. Open in June, was in a group of 17 tied for 17th at 72.

# Army Likes Color of Conference Cash

By Joe Drape  
New York Times Service

WEST POINT, New York — It has played football for 108 years, 1,011 games in all against teams from across the nation. It maintains a narrow edge over Navy in one of the oldest and most resonant rivalries in college football. But the history of Army football takes a modern turn Saturday when a pair of teams without a victory square off at Michig Stadium.

When Army (0-1) faces Cincinnati (0-2) here, the Black Knights will turn the page on more than a century as an independent to compete in their first game as the newest member of Conference USA.

It is the beginning of an era when new rivals such as Southern Mississippi and postseason games like the Liberty Bowl will become part of Army lore along with Glenn Davis and the Commander-in-Chief's Trophy. In the view of Army athletic officials, it is vital to remaining in the mainstream of high-time college football.

"This shows our commitment to playing Division I-A football," said Al Vanderbush, athletic director at Army. "We were playing a couple of Division I-AA schools and getting criticized for it. Other schools were using it to recruit against us. This makes us more com-

petitive, gives us an identity, and I believe kids today would like to look up and see there is a conference championship to play for and an all-conference team to make."

More important, beyond just survival, it shifts Army's focus to getting a greater share of the millions of television dollars flowing into college football. Besides a competitive schedule and the promise of bowl games, Army

## COLLEGE FOOTBALL

now gets a marketing outfit — the conference — dedicated to making it network- and cable-ready.

Army is not alone in trying to reposition itself in an increasingly competitive race for television dollars and bowl payouts. Last May, the presidents of eight Western universities, including Air Force, stunned the college athletic community when they announced that they were leaving the Western Athletic Conference to form their own league.

Even Notre Dame, the only major power among the eight remaining Division I-A independents, which has its own five-year, \$45 million television contract with the NBC television network, is talking to Big Ten officials about joining the conference to ensure economic health and stability.

Just 35 in professional sports, the

driving factor in this climate of change is television money. The Big Ten commissioner, James Delany, estimates the annual market for college football TV rights at \$300 million and growing.

In the new Bowl Championship Series, which the ABC network will televise, the title game will be worth \$11 million to \$12 million per team.

Conference USA, in its third year of existence, offered Army access it did not previously have to a television contract and two bowl games. It also offered a schedule of mid-major Southern universities with which West Point officials believed a school of 4,000 cadets — none on true athletic scholarships — could compete. The conference is composed of Cincinnati, Tulane, Memphis, Louisville, Houston, Southern Mississippi and East Carolina, and its champion earns an automatic berth in the Liberty Bowl, which last year had a \$1.1 million payout per team.

In addition, the Humanitarian Bowl in Boise, Idaho, will hold a place for another Conference USA team, worth an additional \$750,000 to each team. The conference's deal with the Fox sports network pays dividends in exposure — five Army games are scheduled to be televised this season, and the number could reach nine. Last year, three Army games were televised, including the Navy game.

## DENNIS THE MENACE



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## POSTCARD

## Salute to Tastelessness

By Neil Strauss  
New York Times Service

LOS ANGELES — What is happening in music today? MTV certainly doesn't know. That's why it has been replacing program directors and staff every few months. Recently, the channel told the thrash-rock band Korn not to bother making any videos for its new album. But last month, when Korn had a hit on the radio and it became clear that the band's album was going to be No. 1 on the pop charts, MTV called back. It wanted a video after all.

MTV is not alone in its confusion. Music television, commercial radio stations and mainstream magazine covers have become reliant on market research, primarily because ratings and circulation are so important to their advertisers. As a result, the era of the individual with an ear to the ground — a disk jockey or magazine whose role is to find good artists — is over. The mall rules. One result is events like the MTV Video Music Awards, a salute last week to tastelessness.

The big winners were Aerosmith, the Beastie Boys, Will Smith and Madonna. Rewind 10 years, and the winners could have been the same.

Two things are happening: Music is in a lull and to fill the gap, it's back to the '80s. "The Wedding Singer" may have catered to the growing market for '80s nostalgia, but the Video Music Awards were the decade's coming out party.

Consider the finale featuring the former Stray Cat Brian Setzer. Beck in a muscle shirt as he broke down onstage, the return of New Kids on the Block to the form of the Backstreet Boys and the predom-

inance of old-school hip-hop scratching through the night.

Perhaps the most atypical performance at the ceremony was by Master P, the Louisiana entrepreneur resurrecting gangsta rap on his No Limit label. Recently, Master P has become an MTV fixture not because the cable channel likes something about his music, but because it has been forced to bow to his phenomenal record sales.

The most powerful arbiter of musical taste in the '90s is not MTV or radio, but Soundscan, the upstate New York company that every Wednesday releases regional and national statistics on exactly how many records are being sold by various acts and genres. These reports are scrupulously pored over by executives at MTV, record labels and radio stations. They are analyzing the water but ignoring the wave, and a result is a rerun culture, where today's pop music is doomed to repeat yesterday's successes.

Over the years, MTV and its sister station VH1 have lost their faith in the music video. They don't like to show videos alone and if you factor in the heavy hand of MTV censors, it doesn't add up to much respect for video as art form.

What the awards show has been about is mixing a bunch of celebrities in a room and waiting to see what shenanigans arise. This year, there were hardly any, a definite reflection of the current state in American pop culture.

Like the movie "Godzilla," the awards show became an event because it kept saying it was, with MTV promoting the show literally 24 hours a day. And like "Godzilla," the marketing was more exciting than the product.

## Leipzig's Musical Scene Comes Roaring Back

By David Stevens  
International Herald Tribune

LEIPZIG — "Leipzig kommt," is the Lentine text of a poster scattered around the historic inner city, and despite the economic woes of the former East Germany, the proliferation of scaffolding and giant cranes is physical evidence that Leipzig is indeed coming back from a rough half-century.

The city, famous for centuries for its trade fairs, opened a new exhibition complex on the outskirts a couple of years ago, and recently converted large parts of its vast railroad station into a multilayered shopping mall.

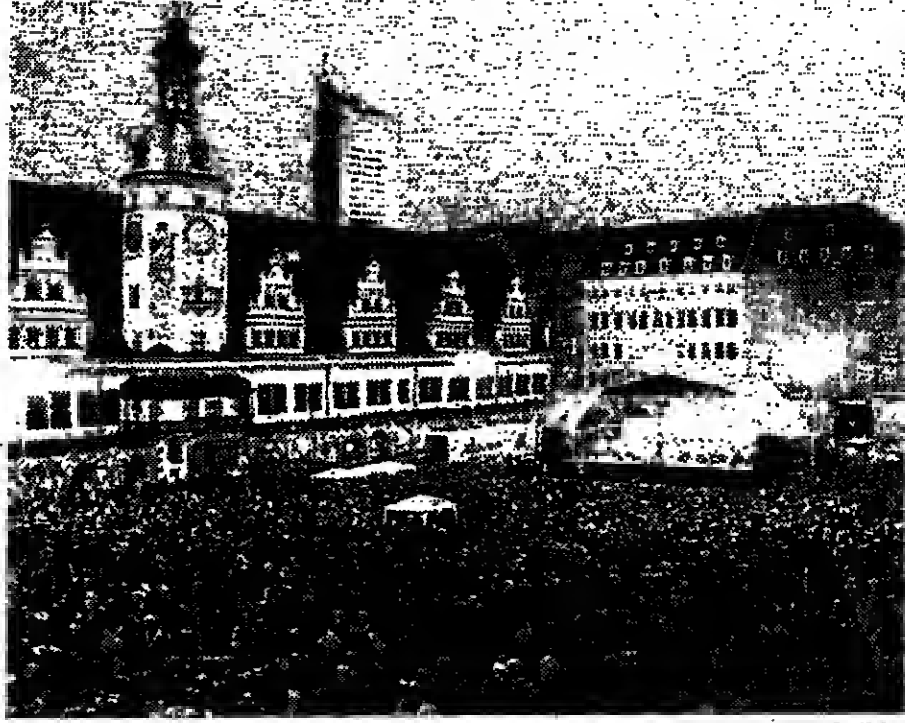
But commerce and culture historically go hand-in-hand here. How could it be otherwise? The Thomaskirche, where Johann Sebastian Bach was for 27 years the cantor and the city's de facto music director, is about three minutes on foot from Auerbachs Keller, immortalized in Goethe's "Faust."

So another sign that Leipzig is recharging its batteries is that the celebrated Gewandhaus Orchestra, which reckons itself to be 255 years old, has just ceremonially installed Herbert Blomstedt as the 18th Gewandhauskapellmeister — the latest in a line that has included Felix Mendelssohn and, in this century, Arthur Nikisch, Wilhelm Furtwängler and Bruno Walter.

Blomstedt received his contract in a speech- and music-studded ceremony in the 16th-century old town hall, followed in the evening by an outdoor concert that packed the adjacent Marktplatz. A gala concert in the orchestra's hall featured organ works by Bach and Mendelssohn, Bruckner's Third Symphony in its expansive original version, and heartfelt speech by Yehudi Menuhin — Lord Menuhin now — who made his Gewandhaus debut in 1930 as a 14-year-old violinist.

Blomstedt's immediate predecessor was Kurt Masur, who took over the orchestra in 1970, and in October 1989 achieved musical prominence as one of the leading mediators of the onerous transition from Communism to post-Communist reality. But in 1991, Masur accepted the musical directorship of the New York Philharmonic, although he kept the Leipzig post until two years ago. Nonetheless, the Gewandhaus has been at least semi-orphaned for seven years.

At 71, the same age as Masur, the Swedish Blomstedt may not seem an ob-



The outdoor concert marking the arrival of Herbert Blomstedt in Leipzig.

vious candidate for a rejuvenation project. But he comes with a proven record as an orchestra builder as well as with a first-hand knowledge of musical life in this part of the world. In 1975, he began a decade as music director of the Dresden Staatskapelle, then put in 10 years with the San Francisco Symphony, where it is generally agreed he rigorously fine-tuned the Bay City ensemble before turning it over to Michael Tilson Thomas and moving on to the North German Radio Orchestra in Hamburg.

"I did not hesitate," Blomstedt said about his reaction to the Leipzig offer of a five-year contract. "You just do it say no to a place like the Gewandhaus."

Indeed, Blomstedt, a devout Seventh Day Adventist — born in Springfield, Massachusetts, where his father was for a while an Adventist missionary — tends to speak of his new position more in terms of a sacred calling. He did not just take a job, he was called.

Although Dresden and Leipzig are the

two major cities of Saxony only 110 kilometers (about 70 miles) apart, and he recalls his Dresden period as "10 wonderful years," he emphasizes the differences in the two musical establishments.

In Dresden, the orchestra's home is the opera house and it plays mainly for the opera, with relatively few concerts. In Leipzig, the orchestra has its own home, although it plays for the opera and for the weekly Bach cantata performances at the Thomaskirche.

The main concert schedule includes 24 orchestral programs, each played twice, plus numerous special concerts, several long and short tours, chamber music performed mainly by ensembles drawn from the orchestra and mini-festivals devoted to Mendelssohn, Bach and, this year, Hanns Eisler — one of Bertolt Brecht's musical collaborators, whose birth centennial falls this year.

To handle this multiple load, the orchestra has a force of 185 musicians (33 first violins alone), as well as a chorus, children's and

youth choruses, not counting the church's Thomanerchor.

Another difference is that Dresden is the capital of the state of Saxony with a princely or royal history and a musical establishment that goes back 450 years, whereas Leipzig is a mercantile city and the Gewandhaus ensemble is, in effect, the town band. The orchestra's budget of some 42 million Deutsche marks (\$25 million) is covered by a municipal subsidy of 22 million DM, plus 10 million DM from the opera for the orchestra's services, and the rest from ticket sales and other income. There will be some repertory new to Leipzigers, to go with their familiar diet of Bach, Beethoven, Brahms, Mendelssohn, Schumann and Bruckner, according to Andreas Schulz, the new Gewandhausdirektor, in effect the artistic administrator and Blomstedt's chief aide.

In part this is because more than a half-century of Nazi and Communist cultural quirks have left holes in the orchestra's repertory. Arthur Honegger's "Symphonie liturgique" on the season-opening program and Carl Nielsen's Third Symphony are examples of established works likely to be novelties to the Gewandhaus public.

"Tradition is a positive sense is important, but so is looking to the future," said Schulz, 36. He came to Leipzig from Bremen in January at Blomstedt's behest, after thinking it over for "about a second."

One decided asset is the orchestra's third home, the Neues Gewandhaus, on the spacious Augustusplatz opposite the opera, built in 1981 after years of hectoring by Masur ("He fought like a lion for it," Blomstedt said.) Its 1,900-seat, hexagonal main hall, with a balcony surrounding the orchestra podium, is spacious, with good sight lines and fine acoustics. There is a 400-seat second hall for smaller events.

The orchestra gets its name from the original Gewandhaus — "cloth hall," because the concert hall was installed in a building formerly used by the fabric trade. The name stuck to the orchestra and its next hall, built in 1881 and much admired in its time, which ended under World War II bombing. Instead of being rebuilt, the ruins were dynamited in 1968.

One thing that predates all three buildings, and is still prominently displayed, is the orchestra's motto, borrowed from Seneca: *Res severa verum gaudium* — True pleasure is a serious matter.

## PEOPLE



Meryl Streep after her walk among the stars on Hollywood Boulevard.

AS the bard of Lake Wobegon, Garrison Keillor often ends his public radio program, "A Prairie Home Companion," by crediting what he says is the show's writing staff: Sarah Bellum, Pete Moss, Sandy Beach and Warren Peace, among others. Many longtime listeners assumed that these were made-up names and that Keillor had written every word himself. But now he is looking for a real, live writer to help out. Minnesota Public Radio, which produces the show, placed a classified advertisement in The New York Times on Sunday. "With a two-hour show every week for 34 weeks a year, that is an awful lot of material," said Christine Tschida, the producer. "Garrison does write nearly the entire program. It would be nice to have a few other submissions to take off some of the pressure."

Lisa Marie Presley's religious beliefs are off limits to lawyers defending a supermarket tabloid in her defamation lawsuit, a judge ruled. Presley sued the National Enquirer over its June 1997

story headlined "Lisa Marie Suicide Drama," which said she tried to kill herself. Her lawyer said the Enquirer wanted to use Presley's membership in the Church of Scientology as a "way to distract the case from the merits."

The financially troubled Royal Opera

House in London has tapped the executive ranks of American Ballet Theater in appointing an executive director. He is Michael Kaiser, executive director of Ballet Theater for three years. Sir Colin Southgate, chairman of the Royal Opera House, said that Kaiser would begin Nov. 12. Last week Southgate canceled all Royal Opera and

most Royal Ballet performances until December 1999 to enable the house to put its affairs in order.

Universal Pictures has agreed to pay an estimated \$9 million to the widow of Theodor Geisel for the rights to use two Dr. Seuss favorites, "How the Grinch Stole Christmas" and "Oh, the Places You'll Go." The company negotiated on behalf of Imagine Films, which will adapt "Grinch" into a film directed by Ron Howard and starring Jim Carrey.

## And Now for All Those Fans of 007...

The Associated Press

LONDON — Christie's held an auction Thursday dedicated solely to Agent 007 of Her Majesty's Secret Service. A Lotus Esprit S1 automobile fetched £29,000 (\$49,000). Never mind that it didn't have a motor. It just happened to be the prop car featured in the 1977 James Bond movie "The Spy Who Loved Me."

The automobile was piloted by Roger Moore's version of Agent 007, and was among the 250-plus lots peddled at the auction of Bond memorabilia. Generating the most interest — and the most cash — was the lethal metal-rimmed bowler used by the assassin Oddjob, the most famous of the Bond villains, in the 1964 film "Goldfinger." An anonymous bidder, participating by phone, paid £62,000.

A Rolex Oyster Perpetual watch worn by Moore in his first Bond film, "Live and Let Die," in 1973, brought £22,000, more than five times the estimate.

Meryl Streep retraced her footsteps along Hollywood Boulevard, this time amid shouts and applause as she unveiled her Hollywood Walk of Fame star. More than 300 fans gathered curbside to witness the dedication of the actress' star. "When I was 19, I had a date and we walked along Hollywood Boulevard," she said. "I never dreamed someday I'd be walking over me." Streep was the 2,119th star enshrined along the walkway.



(go down in history)

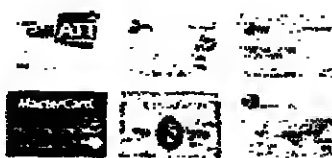
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